

**Industrial revolutions**  
FAG

# FINANCIAL TIMES

No. 29,336 Saturday June 2 1984 \*\*\*85p



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## WORLD NEWS

### Pickets given kiss of life at Orgreave

Violence flared again outside Sheffield at the Orgreave coking works, where police said there were up to 4,000 pickets, the most seen so far.

A number of police were injured during an operation to rescue fallen pickets injured as striking miners behind them pressed forward and crushed them. Some had to be given the kiss of life.

Labour Party leader Neil Kinnock condemned in the strongest terms the continued violence on the miners' picket lines. **Back Page**

### Dutch cruise decision

The Dutch coalition government, which has been agonising over the deployment of cruise missiles in the Netherlands, finally agreed a compromise. If there is progress in East-West arms limitation talks, 16 will be sited there. But if the Soviet Union continues to build up its force of SS20 missiles in Eastern Europe, the originally intended quota of 48 would be installed.

### Iraqi aircraft shot down

Iran said it shot down an Iraqi aircraft raiding the Tabriz oil refinery, which suffered only minor damage.

### Four die in Beirut

Four people died and 40 were wounded in Beirut shelling that followed new Premier Rashid Karami's first appearance before the Lebanon parliament. **Page 3**

### Postage to go up

Postal charges will go up by an average of nearly 5 per cent from September 3. First-class letters will go up 1p to 17p, and second-class by 1p to 13p. **Page 3**

### £14m herring campaign

The Government is backing a £14m campaign to persuade people to eat more herrings now that North Sea fishing has been resumed after a seven-year ban to replenish stocks. **Page 3**

### Glasgow scraps 756 flats

Glasgow Council is to pull down, at a cost of £3m, 756 flats in 12 blocks, which cost £8m more than 12 years ago—rather than accept a £1,000 a dwelling offer from Barratt Housing to take them over and refurbish them.

### Prototype crashes

The prototype of the AMX fighter-bomber being developed by Italy and Brazil crashed on a test flight near Turin, the pilot ejected.

### Ethiopia joins boycott

Marxist Ethiopia, strong in distance runners, became the first African country to join the boycott of the Los Angeles Olympic Games.

### 'Cursed' Earl left £2.4m

The two-year-old illegitimate son of the seventh Earl of Craven, who lives with his mother on social security, stands to inherit his father's personal fortune, believed to be more than £750,000. The Earl lived in fear of a curse on male Cravens and shot himself, left settled estate valued at £2,393,455, but so will.

### Her 111th birthday

Britain's oldest person, Mrs Anna Williams, a former cook who lives in an old folks' home at Swansea, will be 111 years old today.

## BUSINESS SUMMARY

### Esso raises petrol price by 2.3p

ESSO last night increased the price of petrol by 2.3p, taking four star petrol to 186.4p a gallon. There was no immediate reaction from other companies, but they are expected to follow suit.

Since the beginning of May conditions in the international spot market have changed, Esso said. The Rotterdam spot price was quoted yesterday at \$285 (£203) a tonne, against \$271 on May 1. **Page 3**

### GOLD price continued to improve

The London bullion market, closing \$9 up yesterday at \$393.75, after touching a peak of \$394.75. The rise reflected the dollar's London fall and steady demand from the Middle East. **Page 23**

### HAMBRO LIFE, unit-linked assurance company, and Charterhouse J. Rothschild, investment management and merchant banking group, formally called off their proposed full merger. **Back Page**

### STOCK EXCHANGE will allow brokers and jobbers to trade as both agents and principals when dealing in Reuters Holdings shares with or on behalf of North American residents. This is the first time it has allowed market members to act in both functions for dealings in a British security.

### WEST GERMAN industrial output began to slip in March and April well before the start of plant closures caused by the dispute over the 35-hour working week. **Economics Ministry figures show. Page 2**

### BRITISH RAIL'S placing of part of a £25m train order with the private sector angered the National Union of Railwaymen, which is fighting cuts in the BR Engineering workshops. **Page 3**

### DOW CHEMICAL of the U.S. emerged as the most successful bidder in the \$180m (£128.2m) sale of part of Occidental Oil Company's production stake in the North Sea's Claymore Field, acquiring 5 per cent. **Page 3**

### WESTLAND, UK helicopter company, asked the Australian aerospace industry to take a stake in a project to design and build helicopters worth about a total £570m. **Page 3**

### ZANUSSI, Italian electrical equipment maker, received a memorandum from its bankers on £190bn (£385.6m) of domestic debts, to allow it to make a \$42m foreign debt repayment. **Page 2**

### DOBSON PARK, mining equipment and power tool group, increased pre-tax profits to £4.54m from £3.93m in the six months to March 31, but warned that the coal industry dispute would affect full year results. **Page 20**

## GEC in talks with British Aerospace

BY ALEXANDER NICOLL

ONE OF THE biggest takeover battles in British history loomed yesterday as British Aerospace, the aircraft and weapons manufacturer, received an approach from General Electric Company.

Bae is already in merger talks with Thorn EMI, the electronics group.

A GEC takeover of Bae could mean a bid worth £70m and would create one of Europe's biggest companies, with strong defence and satellite interests.

GEC, the electrical engineering and defence group which is Europe's third largest company by market capitalisation, said it was in contact with Bae "about the possible acquisition of the share capital of the company or some form of collaboration between the two companies."

GEC is believed to have held informal talks with the Government, which holds 48 per cent of Bae, before making its approach.

The announcement boosted both Bae shares, which closed 55p higher at 385p, and GEC's, which gained 20p to close at 182p, giving it a market value of £4.99bn.

Microcomputer manufacturers Dragon Data, the South Wales company whose distribution arrangements were recently taken over by GEC, and Topcom went into receivership yesterday. **Back Page**

Supermarket computers feature, **Page 19**

Background to GEC bid, **Page 3**

Lex, **Back Page**

GEC loses Singapore battle, **Back Page**

Shares of Thorn EMI, which had fallen after it disclosed its approach to Bae just over two weeks ago, rose 32p yesterday to 565p, valuing the company at £87m.

Bae said it would consider any proposals that might emerge from discussions with either Thorn EMI or GEC. Sir Austin Pearce, Bae chairman, met Lord Weinstock, GEC's chairman, for about an hour yesterday morning.

Later, Sir Austin said: "They've been interested in Bae for some time, and as a result of the Thorn EMI pro-

posal and the Government's statement about it they felt they ought to come in and talk to us."

After Thorn-EMI's talks with Bae had been disclosed, the Government said it would take a neutral view of a possible merger, but would insist on arrangements to prevent the new company from passing out of UK control and on Bae's continuing participation in the Airbus programme.

Some civil servants welcomed GEC's announcement, saying a merger with Bae would bring together complementary activities in the satellite and defence areas and strengthen Britain's position in these fields.

"Thorn EMI said it expected to continue its ongoing discussions with the British Aerospace board in the coming week with a view to reaching agreement on terms for a merger, as originally envisaged."

Sir Austin said a meeting had been scheduled for next Thursday between Bae and Thorn EMI to discuss organisational arrangements of any company produced by a merger, as a step towards a concrete proposal.

**Continued on Back Page**

## Unemployment climbs to record

BY PHILIP STEPHENS

THE UNDERLYING rate of unemployment in the UK resumed its upward trend last month, pushing the seasonally adjusted total to a record 3,051m or 12.7 per cent of the work force.

The Department of Employment said the adjusted total rose by 17,700 in May to reach the highest level since the current statistical series was started after the Second World War.

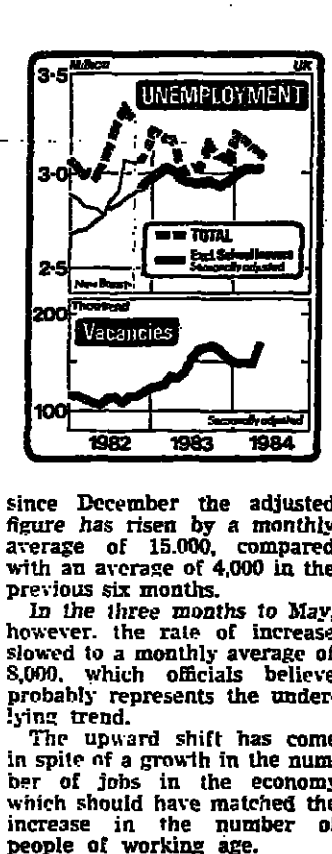
The unadjusted, or headline, total, which includes school-leavers, fell by 23,000 to 3,034m, but this was less than the normal seasonal drop.

The increase in the underlying figure followed a small fall in April, but marked the fifth month out of the last six in which the number of people out of work has risen.

It caused disappointment in Whitehall, where officials agreed that, after more than two years of economic recovery, the trend in unemployment was still slowly upwards.

Mr John Smith, Labour's employment spokesman, said the figures "give the lie to Tory claims of economic recovery."

Unemployment showed signs of levelling off last autumn as the recovery gathered pace. But



Government officials have still not identified any clear reason for the apparent paradox between rising employment and higher unemployment, there is a number of possible explanations.

The labour force may be growing faster than expected, as people who left it during the depths of economic recession begin to seek work again. This would apply especially to married women, but might also include men who had taken early retirement.

There are also suggestions that some of the new jobs are being taken by school-leavers before they are eligible to appear on the unemployment register.

Some City analysts believe the rise in unemployment points to a temporary slowing in the pace of economic recovery, consumer spending fell in the first three months of this year, although it picked up sharply in April, and growth in industrial output has also been relatively sluggish.

One bright note in yesterday's figures was a 7,800 rise in the number of vacancies reported to job centres to 135,700.

**Map, Page 4**

## Tebbit calls for Fraser battle probe

BY JOHN MOORE, CITY CORRESPONDENT

MR NORMAN TEBBIT, Secretary of State for Trade and Industry, has asked the Monopolies and Mergers Commission to examine Lornho's battle for boardroom control at House of Fraser, the Harrods stores group.

The move follows Lornho's attempts to seek the election of six of its own directors and six nominated outsiders to the board of House of Fraser at the group's forthcoming annual general meeting. Lornho is seeking to increase the maximum size of the board from 18 to 25.

Lornho already has two representatives on the Fraser board—Lord Duncan-Sandys, its chairman, and Mr Roland "Fray" Rowland, its chief executive. Success in its latest campaign would have raised its board representation to eight with six other nominees, giving it possible boardroom control.

In what is believed to be an unprecedented move the Monopolies and Mergers Commission has been asked to determine whether a merger situation would exist if Lornho gained further boardroom representation. A preliminary inquiry into this could take up to six weeks.

If the commission decided that a merger did exist it would have to report back to Mr Tebbit within six months on whether it should be allowed.

If the commission decided that no merger situation existed Lornho would be able to go ahead with plans to seek the election of more directors.

House of Fraser said yesterday: "We are absolutely delighted that the secretary of state has recognised the need to take some action on this blatant attempt by Lornho to take over control of the House of Fraser."

"The cashless takeover technique to gain control of the company has been seen for what it is and we shall fully co-operate with this new Monopolies and Mergers Commission inquiry."

In 1981 the commission reviewed Lornho's plans to take over House of Fraser and ruled that it would be against the public interest. Since then Lornho has fought an aggressive campaign to force House of Fraser to float off Harrods of Knightsbridge, the group's main store, in a demerger.

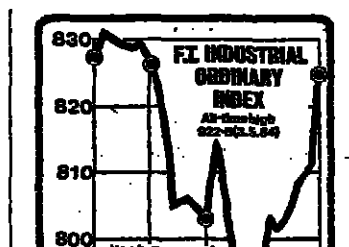
House of Fraser moved yesterday to postpone its annual

general meeting which was to be held on June 28. At that meeting Lornho was due to put 13 resolutions to secure the elections of the directors and increase the size of the board.

Sir Gordon Borrie, the Director General of Fair Trading, had been asked by the trade department to secure undertakings from Lornho that it would do nothing which would prejudice the reference to the commission or its outcome.

House of Fraser said it was making efforts to clarify the situation and a further announcement would be made as soon as possible. It said: "The board will, if necessary, consider the payment of a further interim dividend in place of the proposed final dividend with a view to protecting shareholders' receipt of income."

**Continued on Back Page**  
**Background, Page 20**



## Shares and gilts stage recovery

BY PHILIP STEPHENS

PRICES OF ordinary shares and gilt-edged stock staged a strong recovery on the London Stock Exchange yesterday as financial markets regained some of their poise at the end of a turbulent week.

The Government took advantage of a new mood of optimism in the gilt market by resuming its funding operations, selling out of the 9 1/2 per cent 1989 Treasury convertible tap stock issued last month.

Encouraged by improved sentiment on Wall Street and a hope that U.S. interest rates are not moving higher, shares recouped much of the week's earlier losses.

The FT Industrial Ordinary index closed 27.6 points higher at 824.5, a record daily rise in terms of points. The recovery cut losses over the week to just 4.4 points.

Gilts prices rose by as much as 1 1/2 points for long-dated stocks and short-dated issues advanced by nearly 1 point.

The auctioneers' "are thought to have sold between £300 and £500m of the tap issue, the first official sales for two weeks.

The price of £91 1/2 per £100 of stock reflected the steep slide in the market in recent weeks, giving investors a yield of 11.8 per cent.

When it was first issued the yield was only 10.7 per cent, and it was this sharp rise in returns that brought large institutions back into the market yesterday.

Financial markets still expect a rise in UK banks' base lending.

**Continued on Back Page**  
**Loyds to increase account charges, Page 4**  
**Week in the markets, Page 5**  
**Editorial Comment, Page 18**  
**Lex, Back Page**

## Thatcher hints at plans for new round of world trade talks

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

LEADERS OF many of the major countries believe that work should now be started for a new round of world trade talks, Mrs Margaret Thatcher, the Prime Minister, said yesterday.

She noted the progress the U.S. Administration was making with its so-called "down payment" measures to cut the \$200bn deficit by some \$150bn over three years. "To me a 'down payment' means by definition that, well, that is the first instalment and there is a lot to come later."

The U.S. Administration has hinted strongly that further deficit cutting measures will be taken after the November presidential election, but several summit leaders are likely to press President Reagan now for a much more explicit commitment, in the hope that this will calm the financial markets and curb the rise in interest rates.

Mrs Thatcher said yesterday that the markets also needed to be assured that the major countries were "running their banking systems in a prudent way." There were no ways round these fundamental financial methods.

Earlier, Mrs Thatcher who is attending her sixth successive summit and is this year's host, said that no "dramatic new initiatives and certainly no miracles" should be expected from the gathering.

She said one of the major purposes of the summit meetings was for heads of state and government to get to know each other so that they could make contact rapidly in the event of a crisis.

Reactions to the threat to Gulf oil supplies posed by the flare-up of the Iran-Iraq war were an example of how this co-operation could work.

There had been excellent liaison with the U.S. and "more practical consultations on this issue than on anything I can remember," she said.

As a result of these diplomatic talks, "absolute unanimity" had been reached among the major nations and this had helped to contain the conflict.

**MARKETS**

**DOLLAR**  
New York lunchtime DM 2.694  
FF 8.265  
SwFr 2.2295  
Y230.05

**LONDON**  
DM 2.685 (2.732)  
FF 8.2625 (8.2875)  
SwFr 2.23 (2.28)  
Y230.1 (231.55)

Trade weighted 130 (131)  
Tokyo close Y231.45

**U.S. LUNCHTIME RATES**  
Fed Funds 10 1/4 %  
3-month Treasury Bills 8.75 %  
Long Bond 9 7/8 %  
yield 10.57

**GOLD**  
New York Comex June latest \$397.5  
London \$393.75 (\$394.75)

*Chief price changes yesterday, Back Page*

**STERLING**  
New York lunchtime \$1.403  
London \$1.4035 (1.3865)  
DM 3.77 (3.7875)  
SwFr 3.235 (3.1325)  
FF 11.595 (11.62)  
Y231 (232.25)

Trade weighted 79.5 (79.6)

**LONDON MONEY**  
3-month interbank mid rate 9 1/2 % (9 1/2 %)  
3-month eligible bills buying rate 9 1/2 % (9 1/2 %)

**STOCK INDICES**  
FT Ind Ord 824.5 (+27.6)  
FT-SE 100 1,055.8 (+34.8)  
FT-A long gilt yield index High coupon 10.71 (10.57)

**New York lunchtime**  
Dj Ind Av 1,118.33 (+13.47)  
Tokyo Nikkei Dow 9,913.17 (-26.97)

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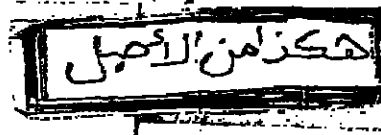
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**Karami call for reform greeted by shelling**

By Nora Soutany in Beirut

A STATEMENT by Mr Rashid Karami, Lebanon's new Prime Minister, calling for the withdrawal of Israeli, reforms and special powers for his Cabinet was greeted with night-time shelling and a blunt rejection from Christian militias.

Mr Karami, who made his first appearance before parliament on Thursday to seek approval for his nine-member Cabinet, hopes to secure a vote of confidence next week. The parliamentary debate will not begin before next Tuesday, however, which means it could drag on for days.

Christian and Moslem gunners shelled each other's residential areas just five hours after Mr Karami read his ambitious programme to some 70 Lebanese deputies.

The Lebanese army and Druze fighters of the Progressive Socialist party fought for the first time in six weeks in Souk al Ghurb, a mountain stronghold south-east of Beirut. The army claimed it did not respond to barrages of rocket-propelled grenades fired by the Druze, while the PSP claimed loyalist army soldiers had started the fighting.

The upsurge in the fighting left four dead and 40 wounded. The Lebanese Forces, an alliance of Christian militias, not directly represented in the Cabinet, issued a categorical rejection of Mr Karami's planned programme.

They took issue with his insistence on Lebanon's Arab identity and vowed to continue resisting Syrian Arab domination.

The Lebanese Forces noted that Mr Karami's policy statement reflected "impotence" and described it as "heretic and disappointing". The Prime Minister's statement, kept under wraps until the Thursday session, was ambivalent on the role of the Lebanese army. He stressed that the Lebanese army would be the only legitimate force and would take over security duties in south Lebanon. But he also said he would keep it out of domestic conflicts.

Mr Karami is adamant about closing down an Israeli liaison office north of Beirut, which the Israelis insist must remain open if Lebanon want to discuss an Israeli withdrawal from the south.

The Premier has ruled out direct talks, while Israel has served notice it would not accept third party mediation in discussions on security arrangements for its northern border.

**27 parties to contest Israeli poll**

By Our Tel Aviv Correspondent

TWENTY-SEVEN parties, some with only one or two candidates, will be contesting Israel's general election on July 23.

More than 60 groups originally asked for application forms. But some of the more unusual could either not find the necessary deposit of shekels 2m (£1,908) or the 2,500 signatures required to sponsor first-time runners, or both.

Israel's electoral system is one of proportional representation and a party must pick up at least 1 per cent of the national ballot, about 19,000 votes, or forfeit its deposit.

However, for every Knesset seat a party finally gains, the state donates shekels 12.5m to defray electioneering expenses.

Thirteen new parties have emerged, some of them formed by members of the present Knesset, each hoping to gain one or two seats in the 11th Knesset which would be used as bargaining counters in the coalition game which inevitably follows elections in Israel.

The list covers a wide spectrum of special interests, from the Religious Nationalist Women, running apart from the main National Religious Party for the first time, through a Tenants Protection Party, an Organisation of Disabled Israelis, the Government Repeal Income Tax, the Courage to Cure the Economy Party, and the Lova Ellav for Knesset Party.

Perhaps the most colourful party is that of the veteran Knesset runner, Mr Yitzhak Tajar. Presenting his perennial list on behalf of his Common Man Party, Mr Tajar proceeded to pay his deposit with tattered notes and thousands of coins. "I don't trust banks," said the Jaffa restaurateur.

**10 shot dead in Amritsar battle**

AT LEAST 10 people were killed and 21 wounded yesterday in a gunbattle between paramilitary troops and Sikh militants firing from inside the historic Golden Temple, Punjab officials said, AP reports.

The six-hour shootout was the third and heaviest exchange of gunfire between Sikh militants and federal troops around the Golden Temple this week. It was the biggest battle since Sikh militants entered the Golden Temple 22 months ago, and began using it as a command headquarters and arsenal for their weapons.



**STRIKES AGAINST COMMERCIAL SHIPS CONDEMNED**

**UN approves Arab call on Gulf attacks**

BY OUR MIDDLE EAST STAFF

A UN Security Council resolution passed yesterday which called for a halt to Iranian attacks on neutral shipping in the Gulf was seen by diplomats as a success for the Arab states of the Gulf.

It did not refer to Iranian "aggression" in line with the six-nation Gulf Co-operation Council's call for the emergency session, but made no mention of Iraqi attacks on shipping calling at Iranian ports.

Rafsanjani... warned Iraq

The resolution was adopted by 13 votes to none with Nicaragua and Zimbabwe abstaining. It condemned "recent attacks on commercial ships en route to and from the ports of Kuwait and Saudi Arabia".

Earlier, Hojatoleslam Hashemi Rafsanjani, Speaker of the Iranian parliament, repeated Tehran's warning that the oil installations of Saudi Arabia and its allies in the Gulf would be in jeopardy if Iraq continued to disrupt Iranian oil exports and trade.

"If we decide to damage the oil installations of the Persian Gulf state we would do something they would not be able to repair soon. Then everyone will see what will befall the world," he told Revolutionary Guards.

Mr Rafsanjani, one of the most powerful figures in the Iranian leadership, charged the U.S., the Soviet Union, France, Saudi Arabia and Kuwait with being involved in a conspiracy against Iran.

The Islamic month of fasting of Ramadan started yesterday without any sign of the large-scale Iranian ground offensive against Iraqi positions along the 730-mile front which had been widely predicted.

Reports from Tehran and Baghdad suggested that Iraq had taken the initiative. Iran claimed to have shot down an Iraqi aircraft during an attack on the oil refinery at Tabriz in the north-west of the country.

Earlier an Iraqi military com-

munique had said that an air raid on the Tabriz facility and an oil pumping station in the Khorratabad area had been "accurate and effective".

The Iranian state news agency Iran reported, however, that a small reservoir holding petroleum residue from the refinery had caught fire but the blaze had been brought under control after an hour. The aircraft had strafed the area, wounding five civilians before one of the jets was shot down and its pilot killed.

**U.S. unemployment rate for May drops sharply to 7.5%**

BY PAUL TAYLOR IN WASHINGTON

THE U.S. unemployment rate dropped sharply and unexpectedly to 7.5 per cent in May—the lowest level since August 1981. The sharp decline follows three months in which the rate held steady at 7.8 per cent. It is now back at the same level as it was when President Ronald Reagan took office in January 1981.

The Labour Department figures, the first economic indicator for May, came at the end of a week of statistics which painted a mixed picture of the U.S. economy ahead of the June 7-9 London Economic Summit. The figures, including the May leading economic indicators published on Thursday, have shown the economy generally

growing healthily but with the hint of a possible slowdown later this year.

The strong improvement in the May unemployment rate is likely to be viewed as a further indication of strong economic expansion.

Administration officials and the U.S. financial markets have been hoping that the U.S. economic expansion will slow from the fast 8.8 per cent pace registered in the first quarter. That rapid rate, together with other factors, has been blamed for sending interest rates higher.

The 7.5 per cent unemployment rate registered in May was significantly lower than most senior economists had expected and compares with a 10.1 per cent rate just one year ago and 10.7 per cent in November and December 1982.

The report showed another 883,000 people found work last month, pushing the employed workforce in the U.S. up to 107m people while the number of unemployed fell by 329,000 to 8.5m. In January 1981, when the President took office, the number of unemployed stood at 8.07m, rising to a peak of nearly 12m at the height of the recession.

However, the May unemployment figures also revealed a 0.5 hour drop in the average factory workweek last month, which was seen in the markets as an indication of some softness in the figures.

**House passes \$284bn defence Bill**

BY PAUL TAYLOR

THE U.S. House of Representatives yesterday passed a trimmed-back \$284bn (£202bn) 1985 defence bill — but not before delivering a series of snubs to President Ronald Reagan's defence strategy.

The Bill, passed after three weeks of bitter debate in the Democratic-controlled House, trims the expanded U.S. military budget more than President Reagan had wanted.

It includes major restrictions — including a halt to the production of additional MX missiles until at least April and a moratorium on sea-launched cruise missiles — designed to increase pressure on the Administration in arms control negotiations.

The Republican-controlled Senate has yet to pass its own version of the Defence Bill

which must then be reconciled with the House Bill.

The House vote early yesterday morning was seen as a serious rebuff to the President, who left Washington yesterday for Ireland and next week's economic summit in London.

Three cliff-hanging votes placing further restrictions on MX missile production, were a particularly bitter rebuke for the President.

The House had previously authorised the production of 15 out of the 40 MX missiles which the President wants to purchase, but put the money aside out of the Pentagon's reach until April.

The latest House action would mean Congress would have to vote again to resume MX production after next April. The House vote yesterday

was widely viewed as a success for the Democrats, strengthening their position when the issue comes before a joint House and Senate conference committee.

In other votes, the House agreed to a one-year moratorium on the deployment of sea-based cruise missiles with nuclear warheads if the Soviet Union withholds deployment of comparable missiles.

But it rejected a liberal move to force Nato to reconsider deployment of Pershing-2 and cruise missiles in Europe.

The House also voted to set a 15-month moratorium on production of chemical weapons, imposed a one-year ban on testing anti-satellite weapons and amended the Bill to place further restrictions on the use of U.S. combat troops in Central America.

**Chile ends controls on five banks**

BY MARY HELEN SPOONER IN SANTIAGO

GENERAL Augusto Pinochet's Government is ending its administrative control of five financial institutions taken into government management early last year. The banks' debts with the federal bank will be converted into shares to be sold off to private buyers at a rate of at least 20 per cent per year.

Mr Luis Escobar, Chilean Finance Minister, announced. The institutions affected include the Banco de Chile, the country's largest private bank, the Banco Concepcion, the Banco de Santiago, the Banco Internacional and the Colocadora Nacional de Valores. The banks, along with three other financial institutions, were transferred to government

control in January of last year when they were deemed to be in violation of Chilean banking regulations and in danger of imminent collapse.

Mr Escobar said the authorities would accelerate the process of liquidation of the remaining banks and finance companies taken into government management, but suggested that some of the smaller institutions might become viable through mergers with other banks. He also noted that the Government considered it undesirable for larger institutions such as the Banco de Chile to be sold to foreign buyers and that the plan of gradual government divestiture might have to be modified in some cases in order to prevent this from happening.

In any case, the state will retain no more than 49 per cent of the Banco de Chile's shares, he said.

The Finance Minister's announcement contained no specific mention of the future of Chile's big financial conglomerates, whose pattern of borrowing without adequate security from their flagship banks led to the present banking crisis.

Chile's balance of payments would suffer to the extent of \$330m this year because of rising international interest rates and the depressed price of copper, Chile's principal export, Sr Escobar said, Reuter reports.

Although Mr Botha had hoped both to meet selected British businessmen, and hold a Press conference before his departure, he is now expected simply to make a statement on the airport tarmac.

It is understood that the British Airports Authority could not undertake to limit Press access to a list of journalists vetted by the South Africans.

Mr Botha is returning to Switzerland from London, and not flying to Ireland for a rumoured secret meeting with President Ronald Reagan, officials insist.

On his current European tour, he has already been to Portugal and Switzerland, and is due in West Germany on Tuesday. A private visit to France is also planned.

**Botha likely to escape protests**

By Quentin Peel

MR P. W. BOTHA, the South African Prime Minister, is expected to escape any serious direct confrontation with anti-Apartheid demonstrators during his flying official visit to Britain, starting today.

The South African party, which also includes Mr P. W. Botha, the Foreign Minister, will arrive at Heathrow during the morning, in a South African aircraft, then fly by helicopter for lunch with Mrs Margaret Thatcher, the Prime Minister.

No official venue has been announced, although it is assumed to be Chequers, Mrs Thatcher's official country residence.

The major demonstration against the visit will meanwhile take place in London, with a march organised by the Anti-Apartheid Movement from Speaker's Corner, Hyde Park. Token demonstrations may take place at Heathrow and Chequers.

Officials in Whitehall insist that the talks do not amount to any significant change in British policy towards South Africa, but rather will give Mrs Thatcher an opportunity to restate the Government's desire to see further reform within the country, and détente in the region.

However, Mr Botha is expected to push certain particular South African Government concerns, including a call to expel the African National Congress, the prime exile nationalist movement, from Britain.

He is also likely to call for some relaxation of the British support for the United Nations-imposed arms embargo, and the Commonwealth-backed discouragement of sporting contacts.

Delegates voiced their discomfort at an agreement between Herr Genscher and Chancellor Helmut Kohl's conservatives on a proposed amnesty for tax avoidance in connection with political donations. The plan collapsed under opposition from FDP grass roots.

Yesterday's debate was gloomily reminiscent of the party congress in Berlin at the end of 1982, when a section of the party sheered off in protest at Herr Genscher's sudden switch to the Kohl camp, which brought down Herr Helmut Schmidt's Government.

**ITT wins Turkish telephone contract**

BY JASON CRISP

THE Turkish Government has apparently confirmed that it will give ITT a major \$300m (£214m) contract for equipment to modernise the country's telecommunications.

ITT, the U.S. multinational conglomerate, first claimed to have won the contract early in April, but this was then denied by Mr Turgut Ozal, the Turkish Prime Minister.

The order now appears certain to go to ITT following a statement in parliament by Mr Vezneli (Izay), Turkey's Minister for Transport and Communications.

In answer to a question from an opposition member, he said: "The commission (telephone authority) studied the bids, taking into account financial, technical and administrative conditions, and ITT took first place. The partnership and credit conditions will be signed."

The uncertainty over the con-

tract appeared to be a result of Turkish attempts to persuade ITT to bring pressure to bear on the U.S. Senate foreign relations committee to prevent it linking U.S. aid to concessions in Cyprus.

The contract was particularly important for ITT as it represented the largest single order for System 12, its digital exchange which cost over \$1bn to develop. The company also expected orders for telecommunications equipment in Turkey to eventually reach about \$500m.

ITT said yesterday: "If this report is true, we are pleased that the matter is apparently resolved. We have been confident that System 12 and our expertise in technology transfer were the best way of meeting Turkey's needs."

The other companies bidding for the contract were LM Ericsson of Sweden, Siemens of West Germany and Fujitsu from Japan.

**Genscher wins re-election as FDP chairman**

BY JAMES BUCHAN IN MÜNSTER

HERR Hans Dietrich Genscher, the West German Foreign Minister, yesterday secured re-election unopposed as chairman of the Free Democrat Party (FDP), but at the cost of some hard criticism of his style and a promise that he will stand down in two years' time.

At a party congress clouded by fears about the European elections on June 17 and unrest about the party's present leadership, Herr Genscher received only 81.7 per cent of the votes for another two-year term, even though no candidate stood against him.

As delegate after delegate stood up to criticise the parliamentary leadership's handling of the tax amnesty plan, even Herr Wolfgang Mischnick, the popular and respected floor-leader, could manage only 64 per cent of the vote as one of Herr Genscher's deputies.

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On his current European tour, he has already been to Portugal and Switzerland, and is due in West Germany on Tuesday. A private visit to France is also planned.



Genscher... some hard criticism

**Portuguese PM seeks vote of confidence**

By Diana Smith in Lisbon

SR MARIO SOARES called for a vote of confidence in his five-year-old Socialist-Democratic coalition after agitation by the left and condemnation by the right of his government's handling of the economic crisis.

In a long, tough address to the nation on television and radio, Sr Soares reminded the public that he had warned in last year's election campaign that Portugal had to face hard times so as to correct grave external deficits. He complained that his administration was being slated for doing what it promised.

Sr Soares said his government would soon present a medium-term financial recovery plan destined to tackle the public and private sectors, and he lashed out at those who criticised relentlessly, inside and outside the coalition. The public must realise, he warned, that Portugal could become ungovernable, at least in democratic terms, if the population surrenders to efforts by the undemocratic opposition to breed disbelief and total pessimism.

He condemned attacks on company property and locking up of directors, beatings of workers who refuse to submit to pressure and selective terrorist acts against managers claimed by the Forças Populares 25 de Abril (an urban guerrilla group which claimed responsibility for this week's murder of a former director of a bankrupt state-run fish company).

Until now, Sr Soares said, the situation has been powerless to act fully against such structures because of memories of the political policy of the old regime. But stiff internal security measures will be taken, he said; Portugal cannot be a rash exception to the rest of Europe.

The violence, Sr Soares said, is a last-ditch bid to stop reforms that will modernise Portuguese society and to disrupt the country before it can join the EEC—in a word to prevent a Western pluralist democracy in Portugal.

**West German industrial output slips**

By Rupert Cornwell in Bonn

OUTPUT by West German industry was already falling back in March and April, well before the start of plant closures last month caused by the dispute over the 35-hour working week.

This was made plain by figures from the Economics Ministry last night. These show that industrial production was virtually unchanged in April from a month earlier, and a seasonally-adjusted 3.5 per cent down overall on January and February.

The news will only add to fears that the spreading strikes in the West German engineering industry—now reckoned to have led directly or indirectly to more than 300,000 workers having been made idle—could seriously endanger economic recovery.

Previously, forecasters had been unanimous in the belief that 1984 would see expansion of 3 per cent or more in the West German economy. But some experts have already predicted that disruption of any length could cut 1 per cent off this figure.

The March and April returns, mean that output by industry has fallen back to just 2 per cent above the level of a year earlier. No early solution to the country's labour troubles is in sight, although new talks between IGM, the engineering union, and Gesamtmittel, the employers' federation, over the union's call for a 35-hour working week may take place next week.

Gesamtmittel insisted yesterday that the next move was up to the union. Negotiations broke down last Tuesday.

**SOCIALIST LEADERS LAUNCH MANIFESTO**

**Kinnock backs plan to boost EEC growth**

BY PAUL CHEESBRIGHT IN BRUSSELS

MR NEIL KINNOCK, Britain's Labour Party leader, yesterday backed an initiative to boost economic growth in the EEC. The initiative proposes a co-ordinated investment among the Ten of 1 per cent of Gross National Product.

He also indicated support for UK joining the European Monetary System, if sterling continued to languish against the dollar.

Taking part in a meeting of Socialist leaders from the Ten to launch a joint manifesto for

the European elections, his remarks in Brussels suggested a further attempt to temper the anti-EEC tone of official Labour Party policy.

This is the first time that parties of the same political persuasion in the EEC have managed to agree a joint policy. It lays stress on the need for reform, and makes its central point the creation of new jobs.

Mr Kinnock joined his colleagues in pleading for "Better-My-Neighbour" relations. An extra 1 per cent of GNP — £3bn — invested in Britain

would produce 1.25 per cent of growth over two years, he said. "But if other countries in the EEC were taking similar action the growth rate over the same period would be an extra 2.9 per cent."

He denied suggestions that such pump-priming would be inflationary. On the contrary, he declared, it would be inflationary to maintain present policies of economic restraint.

It was inflationary for the EEC to spend £50bn this year on financing unemployment which produces nothing, when

industrial capacity was under-used. Mr Kinnock's position on sterling and the EMS was less clearly defined. It would be folly for sterling to go in to the EMS if its weak relationship with the dollar was temporary; but if it lasted "a year or two," then the case for linkage would be much stronger.

For the European elections—polling takes place by June 17—the British Labour Party is aligned with Socialist groupings from nine countries in a policy which has as its economic



**Marchais sees Government reshuffle soon**

By David Marsh in Paris

M GEORGES MARCHAIS, secretary-general of the French Communist party, junior partner in the Paris coalition, has served notice that he expects a major Government reshuffle at some point after this month's European parliament elections.

M Marchais has been a notable critic of the Government's tough economic policies in recent months.

In a newspaper interview yesterday, he handed President Francois Mitterrand virtual assurance that the Communists wished to remain in any newly-formed Government, by stating that it was "desirable and useful" that the party should "weigh more heavily" in trying to resolve the country's problems.

The Communist leaders, referring to the largely unchanged Government team of the past three years under M Pierre Mauroy, the Prime Minister, declared that it would be "in the natural order of things" for the Government to be formed "for the elections."

M Mauroy, with considerable support from the Communists, has come to symbolise President Mitterrand's attachment to a continuing coalition of the Left in spite of sporadic Socialist-Communist sparring over the Government's economic "rigour".



**Gummer dismisses 'VAT on food' charge**

BY JOHN HUNT

CONSERVATIVE PARTY chairman, Mr John Selwyn Gummer, yesterday accused the Labour Party of using the Goebbels technique "in alleging that the Government intends to impose VAT on food."

In an attack on Mrs Barbara Castle, leader of the British Labour group in the Assembly, and Mr Roy Hattersley, deputy leader of the Labour Party, he demanded: "When is the Opp-

sition going to stop repeating this lie?"

Mr Gummer dismissed the allegation, which was made earlier in the week, as "poppycock and nonsense."

As the Euro-campaign continued Dr David Owen, leader of the Social Democrats, defended the Common Agricultural Policy.

He said that far from food costing more, the British public now spent 20 per cent less of personal income on food than

before the UK joined the Community. At the time of joining 21.2 per cent of consumer income went on food and this had now fallen to 17.1 per cent.

Meanwhile, Mr Robin Cook, Labour's spokesman on Europe, has written to Dr David Steel, the Liberal leader, asking him to disassociate the British Liberal Party from the attitude of continental Liberals towards South Africa.

His letter comes on the eve of Mrs Thatcher's meeting with

Mr P. W. Botha, the South African Prime Minister.

Mr Cook said the Liberal MEPs had opposed a debate being held in the Assembly to condemn Mr Botha's visit.

He did not doubt Mr Steel's opposition to apartheid but said: "With European Liberals, he finds himself in some very strange company. It is another issue on which British Liberals are way out of line with their very right-wing continental colleagues."

Handwritten text in Arabic script: "مركزنا للأعمال"



# Why British Aerospace looks so appealing to GEC

THE General Electric Company's announcement that it is discussing a possible bid for British Aerospace marks GEC's most public move towards a major UK acquisition since it succeeded victory to Racal Electronics in the takeover of Decca four years ago.

City speculation that Britain's largest electrical and electronics group would enter the bidding has been rife since Thorn EMI disclosed last month that it had made an approach to BAE.

GEC has longstanding connections with BAE. It was joint owner with Vickers of the British Aircraft Corporation which was merged with Hawker Siddeley's aviation business to form the nationalised BAE by the Labour government in the mid-1970s.

GEC's interest now, however, appears to be largely focused on BAE's defence activities. The two companies' businesses in this field are largely complementary and from GEC's stand-



Lord Weinstock, managing director of GEC

point the industrial logic of combining them must be appealing.

Through its Marconi subsidiaries, GEC's defence operations include the Stingray torpedo and extensive radar and communications systems activities while BAE's embrace

General Electric may have found the long-awaited opportunity to spend some of its £1.5bn cash mountain, writes Guy de Jonquieres

missiles, military aircraft and satellites. In addition, of course, BAE has civil aerospace interests including a share in Airbus and the production of smaller aircraft.

Whether the Government would be so happy about the concentration of so much of the defence industry in a single company is another question.

The Treasury would undoubtedly welcome the sale at the right price of the 48 per cent stake in BAE which it still holds after the company was privatised by the first Thatcher administration. Some in Whitehall might see the emergence of a large integrated company as an advantage in terms of international competitiveness.

On the other hand, however, the Ministry of Defence might well have reservations about the

consequences for its recent attempts to inject more competition into the bidding for large defence contracts.

GEC expressed an interest in acquiring a substantial interest in BAE both before and after it was privatised. It approached the Government with a proposal to buy BAE's defence business with Hawker-Siddeley taking the commercial activities — a suggestion that was firmly rebuffed.

GEC may well feel now, however, that an open season has been declared on BAE since the Government publicly blessed the Thorn EMI approach two weeks ago. There is also a defensive consideration: the Marconi companies and BAE have close commercial links and Thorn EMI's acquisition of the latter could threaten relations

with a major customer.

GEC has been more or less continuously on the look-out for acquisitions in the last few years — both in Britain and overseas — to absorb part of its famed cash mountain, now standing at about £1.5bn. But many of its approaches have been thwarted by political or commercial obstacles.

In the UK it has expressed interest at various times in buying all or part of British Telecom, Cable and Wireless and Immos, the state-backed microchip company. But in the first two cases its approaches were spurned by the Government, the main shareholder, while in the third it failed to agree on terms with the Immos management.

It withdrew from a lengthy courtship of the troubled AEG, one of West Germany's largest

electrical and electronics companies, two years ago after other companies and banks in Germany made clear that its interest would not be welcome. But GEC, which has few interests in continental Europe, still hankers for an involvement in Germany.

Much of GEC's attention in the past few months has focused on the U.S. where it has considered proposals to invest in a leading non-IBM computer company, a sizeable regional telephone company and a large electronics and consumer products group. Nothing has come of these plans so far although in some cases talks could be revived.

GEC has had a somewhat mixed record where it has been able to make acquisitions lately. Avery, the measuring



Sir Austin Pearce, chairman of British Aerospace

machine manufacturer, has achieved an impressive recovery since it was taken over in the late 1970s and the Picker U.S. medical electronics company has proved a highly-successful performer since it was taken over in 1981.

On the other hand AB Dick, a large U.S. reprographics manufacturer has been a major source of headaches since it was bought in 1979. Efforts to propel Dick into electronic systems and to use it as a platform from which to attack the American office automation market have been a costly failure.

The experience with Dick may well have confirmed GEC's increasing wariness of businesses which combine rapid and unpredictable technological change with a high degree of competitive risk. The company clearly feels much more comfortable in more stable, capital equipment markets where a relatively small number of suppliers compete for large orders from a few — often government-owned — customers.

BAE would fit those criteria to a tee. But whether it ends up in the GEC stable — and how far it would meet GEC's appetite for acquisitions — remains to be seen.

## Warning on effects of portable pensions

By Eric Short

A WARNING that the introduction of personal portable pensions could mean the virtual demise of final salary company schemes was given by Mr Michael Pilch, a director of Noble Lowndes and Partners, a leading firm of employee benefit consultants.

He told a meeting of company secretaries in London this week that the supporters of the portable pension concept, headed by the General Policy Studies, had not taken into account many practical considerations, above all how it would blend in with the state earnings-related scheme.

Mr Pilch claimed that it would be impossible for individuals to opt out of the state earnings-related scheme in the same manner as members of a company pension scheme could currently contract out. Proposals put forward to contract out on an individual basis were so complex that they would be a bureaucratic nightmare and unworkable.

Mr Pilch was casting doubt on the proposals put forward by the Legal and General Group. Indications from the Government are that its proposals on portable pensions, expected later this month, will be based on Legal and General's ideas.

While Mr Pilch supported the concept of a third-tier personal pension provision on top of the state and company schemes, he reiterated his belief that the inevitable consequence of full portability would be the collapse of contracting out and an automatic enlargement of the state scheme.

Mr Pilch feels that few company schemes would be able to operate on a final salary basis and would be more or less compelled to switch to a money-purchase basis should full portability be introduced.

## Postal charges planned to rise by 5% in September

BY JASON CRISP

THE POST OFFICE plans to increase charges by an average of nearly 5 per cent from September 3. The cost of sending a first class letter would go up 1p to 17p and the cost of a second class letter would rise 1p to 13p.

The increases would lift the Post Office's revenues by about £100m in a full year.

The announcement coincides with a threat of limited disruption by the Union of Communication Workers, which is unhappy with a pay offer worth 4.5 per cent.

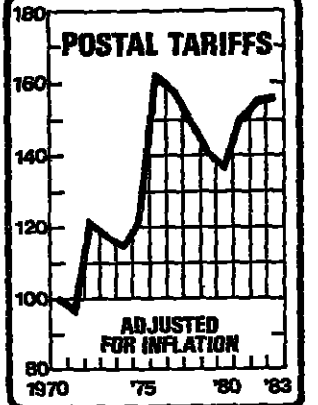
Postal charges last went up in April 1983 when the cost of first class letters rose 5p. The cost of second class letters has not risen since February 1982.

When the Post Office announced its interim results in December it blamed the freeze of second class postage charges on a small fall in profits.

The Post Office is expected to report profits of about £100m for the full year to March 1984 compared with £131.6m for postal activities in the previous year.

The proposed price increases were criticised yesterday by the Post Office's main consumer groups.

Mr Michael Corby, director of the Mail Users' Association, said "We are particularly concerned about some of the increases for overseas rates which will affect business. Generally



Based on Post Office calculations of an index which reflects price changes for all major services divided by the Retail Price Index.

the Post Office is putting up prices when value for money from its services is particularly low. The quality of service has been very patchy and in the past few weeks it has been downright poor."

The Post Office Users' National Council, the statutory consumer body, said: "Customers are entitled to query the need for these price increases at a time when quality of service is still not satisfactory and when there is still room for improvement in productivity."

Postal prices have rapidly

outstripped the rate of inflation since 1970. In real terms prices are over 50 per cent higher than 1970 — the Post Office prefers to make the comparison with 1974 which shows prices 35 per cent higher after adjusting for inflation.

The main increases planned for overseas mail are on printed paper rates which would go up by 10 to 11 per cent, and air mail rates which would go up by over 10 per cent.

The Post Office also said that the Government had approved its capital investment programme for the current financial year of £157m, an increase of £27m on last year.

Over £100m is to be spent on improving or replacing old buildings, many of which were designed for era of the horse and cart.

The Post Office is to spend £14m in the current year on computer equipment in the first stage of a major plan to introduce new technology to the counters.

Mr Ron Dearing, chairman of the Post Office, said yesterday: "We recognise the need to maintain our competitiveness and the proposed price increase, which is within the general level of inflation, is designed to do that while enabling the corporation to continue to invest in the long-term effectiveness of Post Office services."

Pay talks, Page 4

## Herring to be advertised as fishing resumes

By Mark Meredith, Scottish Correspondent

THE RE-OPENING of the herring fishing grounds in the North Sea after a seven-year gap to replenish stocks is to be accompanied by a £14m government-backed marketing drive to promote the fish.

The semi-official Sea Fish Industry Authority in Edinburgh said yesterday that the three-year campaign would start with £500,000 of television advertising in June and July to remind people about herring.

"Herring has become a forgotten food item," said Mr Robert Kennedy, the marketing director.

Under the EEC common fisheries policy, Britain is to be allotted 35,700 tonnes of fish or 23 per cent of the available catch from the North Sea.

About 40 boats are expected to move into the herring grounds when they open at lam tomorrow.

Herring, most familiar as kippers, has mostly been imported into Britain during the seven-year fishing ban. Some fishing has continued off the west coast of Scotland.

Herring used to be an important part of the fishing industry with over 64,000 tonnes landed in 1973, of which nearly three-quarters was exported.

Mr Kennedy said one of the objectives of the campaign was to show the fishing industry itself the value of improved marketing. Half the £14m for marketing comes from the industry.

## Westland offers Australians stake in helicopter project

BY ANDREW FISHER

WESTLAND, the UK helicopter company, has invited the Australian aerospace industry to take a stake in the design and manufacture of about £370m-worth of helicopters.

Westland's offer to Australian Aircraft Consortium (AAC) is prompted by the fact that the Australian and UK air forces are both seeking replacements for about 60 helicopters each.

The deal, to which AAC has not yet made a full response, would involve production of the Westland 30 passenger and troop helicopter for the two countries' air forces and for other customers.

Westland has also offered AAC its UK resources to promote and help manufacture the Wamira (A10) aircraft in Europe. It is short-listed for the RAF's trainer aircraft replacement.

Westland said its package, under which AAC would take a 20 per cent share in a new joint operation, would create 650 new skilled jobs in Australia.

AAC has three equal share-

## BR private sector train deal angers rail union

By Hazel Duffy

BRITISH RAIL has placed part of a £25m order for trains with Walter Alexander, a Scottish bus and coachbuilding company, in association with the diesel locomotive builders, Andrew Barclay.

The decision to go to the private sector has angered the National Union of Railwaysmen, which is fighting cuts and closures in the workshops of BR Engineering (Brel).

BR has placed all its equipment orders with Brel for many years, but, partly under government pressure, it has embarked on a purchasing policy which allows the private sector to tender.

Brel and Leyland Vehicles, which formed a consortium to build the Railbus, will jointly supply 50 of the 75 trains ordered yesterday. Walter Alexander cannot supply the full order by the end of 1985, although it appears that its tender was so competitive that BR would like to have placed the whole order with the company.

Mr Rodney Dodds, assistant general secretary of the NUR, said yesterday that the union still wants to meet the BR board to find out why it placed the order in the private sector.

Two weeks ago, when the NUR got an indication that the order might be placed outside Brel, Mr Jimmy Knapp, NUR general secretary, asked for a meeting with Mr Bob Reid, BR's chairman, but his request has not yet been granted.

Mr Dodds said that "delivery and quality play a large part as well as price," emphasising that Walter Alexander has not been in the rail equipment industry. The NUR said British Rail had not explained why the order had gone to a company which cannot fulfil the whole contract. "It is still not clear why BR Engineering, which could have completed the whole order at little more expense, was not chosen," the union said.

The 75 Class 142 diesel multiple units are of a new design, based on the Railbus. They will be used on urban and rural routes where traffic is lighter, replacing equipment which is more than 30 years old.

Brel/Leyland Vehicles and Walter Alexander/Andrew Barclay were two of five groups from which BR sought tenders. Metro-Cammell was another competitor. BR has also ordered prototype train and locomotive replacements with the private sector in the past year from companies including Metro-Cammell and Hawker Siddeley.

Northern Ireland Railways has confirmed that it is to treble its train order with Brel, increasing the total of vehicle sets to be built over the next two years from three to nine. The option for additional diesel multiple units forms part of the original agreement signed last December and brings the total value of the contract to more than £5m.

## Leading friendly societies criticise curbs

By Eric Short

PROPOSALS to curb the operations of the new-style friendly societies, announced by the Treasury on Thursday, were criticised yesterday by five leading societies.

In a joint statement, they claimed that the proposed action, together with the Budget measures taken against new-style friendly societies, will make it difficult for the societies to continue operating at an economic level.

Before the Budget, friendly societies set up since 1966 could offer investors, subject to certain conditions, highly tax-efficient savings, with a maximum monthly contribution of £20 (£40 for husband and wife).

The Budget proposals drastically cut the levels at which societies could offer contracts to a limit of £750 on the sum assured (the minimum death benefit) and annuity contracts with a maximum annuity of £156 per annum. The £750 limit means that the maximum monthly saving contribution is now less than £5.

The proposals announced this week also stopped societies allowing investors to cash in annuities for a lump sum.

## Dow buys 5% stake in Claymore Field

BY MAURICE SAMUELSON AND DOMINIC LAWSON

AT LEAST 10 companies emerged yesterday as successful bidders in the \$180m (£130m) sale of part of Occidental Oil Company's stake in the production of the North Sea's Claymore Field.

Dow Chemical, the U.S. chemicals company, was the most successful bidder with 5 per cent of Claymore.

The sale was the biggest share out of North Sea production assets since last year's scramble for parts of the big Forties Field.

Occidental, which owns 36.5 per cent of Claymore, had invited bids for 15 per cent of it. One of the principles of the sale was that bidders for four or more 1 per cent units could deal directly with the U.S. oil company rather than tender through Occidental's merchant bank, Morgan Grenfell.

Sovereign Oil and Gas, the UK independent oil exploration company, attempted the former method but negotiations for

Sovereign to take 4 per cent were unsuccessful. Eventually, the company acquired 2 per cent of the field through the tender method. "We are quite happy with what we have bought," it said yesterday.

Other purchasers include North Sea and General with 2 per cent; the Coalite Group 1 per cent; PICT, Anvil and Floyd, with 0.5 per cent each; and Texas Gas, 0.6 per cent. Third Trigon is also believed to have bought 0.5 per cent.

Dow Chemical, the only company successful to negotiate directly with Occidental, has provisionally acquired 5 per cent of the field and will thereby gain its first regular UK oil production, although its involvement in the North Sea dates from the seventh licensing round.

Mr Joseph Ferraton, Dow's managing director, said yesterday that it had acquired the stake mainly to offset the considerable exploration expendi-

ture it faced in the UK Continental shelf.

Dow has paid Occidental proportionately slightly less for its interest in Claymore than those companies which had tendered. The remaining 10 per cent of the overall sale was purchased by other oil companies for an aggregate of about \$126m. Occidental had been looking to receive \$12m percentage point ownership, but the bids accepted under the auction amounted to \$12.6m.

Some of the purchasers of the smaller shares had unsuccessfully bid for parts of the Forties Field last year.

For the Coalite Group, which makes smokeless fuel and controls the Falkland Islands Company, the purchase marks its first acquisition of North Sea production.

The deal's attraction for Occidental is that production from Claymore is worth far more to other companies, such as small British independents.

## Plea for bigger domestic role offshore

BY DOMINIC LAWSON

SUCCESSIVE governments were accused by a leading figure in the North Sea offshore supply industry yesterday of giving inadequate protection to the UK indigenous offshore oil service sector.

The attack came from Mr Ian Wood, chairman of the John Wood group and a leading force behind the recently formed Glasgow group British Indigenous Technology (BIT).

Speaking at the same Aberdeen conference as Mr Wood, Mr Alec Buchanan Smith, the Energy Minister, said on Thursday that in the ninth licensing round oil companies committed to involve British indus-

try in research and development would be a key factor in the award of licences.

While praising Mr Buchanan Smith's decision, Mr Wood still had a number of criticisms of the Government's attitude to the role of UK companies in the North Sea.

He said that the Department of Energy's statistics showed an "apparent" 72 per cent UK company content in North Sea contracts but only 23 per cent of North Sea contracts by value was carried out by companies which are at least 50 per cent owned in the UK.

In particular, Mr Wood referred to design engineering and project management for North Sea projects. This was an area where UK companies should dominate but it was in fact dominated by the larger U.S. contractors.

Mr Wood called on the Government to:

- Identify critical high technology areas and invest in them in co-operation with the oil industry.
- Encourage international companies coming to the North Sea to set up joint ventures with UK companies in new technology projects.
- Develop further the export activities of the department's offshore supplies office.

## Esso pushes up four star petrol to 186.4p a gallon

BY IAN HARGREAVES

ESSO, one of the two leading UK petrol retailers, last night raised its prices by 2.3p, taking four-star petrol to 186.4p a gallon.

There was no immediate reaction from other companies, but they are expected to follow.

Shell, neck and neck with Esso for market leadership, tried to increase prices by 3.7p a gallon on May 1, but was forced to retreat when Esso did not join it.

Esso said yesterday that since the beginning of May conditions in the international spot market for premium petrol had changed. The Rotterdam spot price was quoted yesterday at \$285 a tonne, up from \$271 a tonne on May 1.

This is mostly thought to be a normal seasonal rise, although

uneasiness about the Gulf war may have also played some part. The Rotterdam spot price has a strong influence on the price charged by smaller, independent retailers, who buy their petrol on the open market rather than refining crude oil themselves.

Another influence is the value of sterling against the dollar, since crude is priced in dollars and affects the sterling cost of refined petrol. During May, sterling weakened slightly.

Esso recently joined the other big petrol companies in the forefront promotional battle, when it launched its Find the Tiger competition. This may have influenced the timing of the price rise as companies like to try to cash in on the extra market share gained during a promotion.

## Hattersley urges redefining of Labour economic policy

BY JOHN HUNT

THE LABOUR PARTY needs to redefine its economic policies to face the realities of high unemployment, low investment and industrial decline, Mr Roy Hattersley, Labour's deputy leader and economic spokesman, said in Blackpool yesterday.

He promised Labour would fight the next general election

months would be crucial for maintaining party unity and building up policy. But, he said, the party was already beginning to put its house in order.

Mr Hattersley will be spelling out details of a revised economic policy in speeches in the coming months dealing with medium-term financial strategy, and how to involve public

institutions.

In recent speeches, he has called for an agreement between government and unions on wages and other aspects of economic planning.

He has also called for an expansion in the public sector borrowing requirement so that the funds generated could be concentrated on public spend-

ing. In yesterday's speech, to the annual conference of the Ceramic and Allied Trades Union, he said that what was necessary for party policy in 1983 might not be desirable after another five years of Conservatism.

Some policy changes were necessary in order to "fully re-unite us with the feelings of our

## DBS Joint Project

The Independent Broadcasting Authority has been asked by the Home Secretary to advise on participants to join the BBC and Independent Television companies in the proposed Direct Broadcasting by Satellite (DBS) joint project described by the Home Secretary in the House of Commons on 8th May 1984.

Those wishing to be considered are invited to obtain from the Secretary to the Independent Broadcasting Authority a copy of a note of guidance giving an outline of the project. The IBA is required to advise the Home Secretary before the end of July, and is asking for proposals not later than 20th June 1984.

IBA

Independent Broadcasting Authority, 70 Brompton Road, London SW3 1EY.

Handwritten note in Arabic script: "مجلس الأخص"



UK NEWS

Lloyds to increase account charges

BY MARGARET HUGHES

LLOYDS BANK customers who keep less than £100 in their current accounts are to be charged an extra 21p on every cheque and standing order paid from their accounts.

"Interim measure" to cover rising costs pending a detailed review during the coming year of its charging structure for personal customers.

Yesterday, however, Barclays and Midland denied any immediate plans for altering their charges, although they confirmed that their tariffs were under review.

This was also the reason given yesterday by Lloyds for keeping these charges at 20p. Barclays charges the same for cashpoint withdrawals as for cheques but Midland charges only 15p. Both charge 15p on direct debits.

Oil output in Britain up by more than 15%

BRITAIN'S oil output rose by 15.5 per cent in the first three months of the year, compared with the same period of 1983, according to the Energy Department's monthly Energy Trends.

Postal services disruption urged

BY DAVID GOODHART, LABOUR STAFF

INDUSTRIAL ACTION over pay in the Post Office came a step nearer yesterday when Mr Alan Tiffin, general secretary of the Union of Communication Workers, announced he would be recommending a strategy of selective action to the union executive next Tuesday.

Conditions marginally above the average for manual workers. However, Mr Tiffin said that, excluding overtime, gross pay for a postman was £107 for a six-day working week of early morning shifts. He said it was absurd that the Post Office could only survive by each worker doing an average of 10 hours a week overtime and added that with nearly £100m profit to be announced in July the corporation could easily afford the 5.2 per cent claim.

Councils stick to 4% offer

By Our Labour Staff

LOCAL Authority employers have refused to improve their per cent pay offer to 500,000 white-collar local government workers. The main union involved—the National and Local Government Officers' Association—yesterday warned of possible industrial action if the offer is not increased at its next meeting with the employers, due on July 5.

Farms quick to cut production of milk

BY RICHARD MOONEY

BRITISH DAIRY farmers lost no time in cutting output after the imposition of the EEC production quota system at the beginning of April.

by about 9 per cent as an extra 2.5 per cent of the quota is being held back to deal with special hardship cases. Over-quota production will be subject to a punitive levy.



UNEMPLOYMENT in the UK rose by 17,700 in May to a seasonally adjusted 3,029m, the highest level on record.

shire and Humberside, Wales, and Northern Ireland, which have all shown increases of 0.3 per cent.

Data-processing pay rises below average

PAY IN the data-processing industry has risen by less than the national average for the first time in several years.

Printers end strike at Bradbury Wilkinson

BY DAVID GOODHART, LABOUR STAFF

THE STRIKE by print workers at Bradbury Wilkinson, the security printers, has been called off after agreement on an early retirement and redundancy package covering almost 700.

turn to work on Monday but redundancy negotiations are continuing with the other print union, Soga 92.

Joseph to meet heads on teachers' pay

SIR KEITH JOSEPH, the Education Secretary, has agreed to meet the 22,000-strong National Association of Head Teachers next Thursday to discuss the deadlock in the teachers' pay dispute.

Explosion inquiry call

THE NATIONAL Union of Public Employees has called for a public inquiry into the Aberystwyth, Lanashire, water plant explosion and urged the North West Water Authority to take urgent steps to protect workers at similar sites.

Dairy workers worry

DAIRY workers yesterday demanded a Government assurance of compensation if jobs are lost because of the Common Market's decision to reduce EEC milk production.

Revised CF vans launched

BY JOHN GRIFFITHS

A NEW RANGE of Bedford CF panel vans was launched yesterday incorporating foreign-made engines and gearboxes.

when production ended of Vauxhall cars which were fitted with the same engine. This meant the Ellesmere Port-made gearbox mated to it could no longer be used.

Guernsey faces claims

MORE THAN 100 former depositors are claiming compensation from the Guernsey Government for losses suffered through the collapse in 1978 of the island-based Barnett Christie (Finance), it was announced yesterday.

committee to negotiate out-of-court settlements with depositors who could show they had lost money through the failure of the authorities to make known for nearly two years that Barnett Christie's deposit-taking licence had been withdrawn.

Machine production falls by 2%

MECHANICAL engineering output fell by 2 per cent in the first quarter over the final quarter of 1983, according to seasonally adjusted figures from the Department of Trade and Industry.

Miners' leaders quit pensions board

BY JOHN LLOYD, INDUSTRIAL EDITOR

LEADERS of the National Union of Mineworkers have withdrawn from the board of the miners' pension fund following a long-standing dispute over investment policy.

continued to attend meetings, but is reluctant to continue as sole union representative.

John Lloyd examines the miners' leadership

Wavering they stand united

Wavering they stand united

A CONSTANT theme in the speeches of Mr Arthur Scargill, the National Union of Mineworkers' president, has been that the 24 members of his executive are more united now than they have ever been.

left them unprepared and floundering.

Mr Scargill's change of tactics reflects a dispute on by Left-wing colleagues who try to home to him, that a long-drawn-out war of attrition is a doubtful affair, and that the talk which will begin in earnest next week should be entered into seriously to see if what they yield can be regarded as acceptable.

BASE LENDING RATES

Table listing base lending rates for various banks including A.B.N. Bank, Allied Irish Bank, Amro Bank, Henry Ansbacher, etc.

APPOINTMENTS

Changes at Lloyds and Scottish

Mr Stephen Maras has been appointed managing director of LLOYDS AND SCOTTISH. Mr Alan Glass, previously director, personal finance division, succeeds him as finance director and joins the board.

COMART COMPUTERS, business microcomputers subsidiary of the Comart Group, has appointed Mr John Lamb as managing director.

Mr D. B. Money-Coutts, a director of PHOENIX ASSURANCE since 1978, has been elected deputy chairman of W. C. Harris and Lord O'Neill of the Malzeau have retired.

UK CONVERTIBLE STOCK 2/6/84

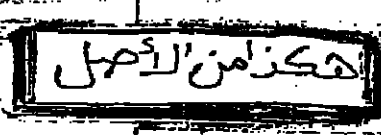
Table showing UK convertible stock data including Name and description, Size (£m), Current price, Terms, Conversion dates, Flat yield, Red yield, Current, Range, Equi Conv%, Div%, and Current.

SAVINGS OFFERS

Table listing savings offers for Saturday, June 2, 1984, including HK FT, County Bank, Bache, Guinness Mahon, John Govett, Schroder UT, Save & Prosper, Hoare Octagon, and AIFC.

Advertisement for Today's Rates 10 1/2% - 11 1/4% featuring 3i Term Deposits with a table of interest rates for terms from 3 to 10 years.

MERCANTOIL has appointed Mr J. Martin Brady as financial director. Mr Roy Brewerton, general sales manager of Laycock Engineering, Sheffield, is the new president of the GARAGE EQUIPMENT ASSOCIATION for 1984-85.





# THE WEEK IN THE MARKETS

بازار بورس

## Downhill on the rollercoaster

DON'T panic, anyone, but don't relax either. The equity market has been zooming around this week in a way which quite defies rational analysis. On Thursday, for instance, the FT 30-Share Index was up 11 points at 10 o'clock, plunged a horrible 28 points in the next five hours and then rallied to close a mere 6.5 points down on the day.

More fundamental, and perhaps more alarming, was the fact that market operators could not clearly explain what was worrying them. Normally, a market fall can be pinned on a specific factor—base rate worries, say—which can to an extent be quantified and then discounted. But over the past fortnight, the best that can be said is that in a quite general way the market has lost its nerve.

The trouble about such a change of mood is that it is abnormally difficult to predict where the market will find a floor. As to the reasons for the change, one could point to domestic worries such as the trend in interest rates, or the miners' strike. But if one factor stands out, it is probably the run on Continental Illinois two weeks ago which jolted the market into facing a more unrecognisable, Third World debt and its companion spectre the U.S. budget deficit.

Friday, in fact, saw the market firming, and moving back up through the 800

### LONDON ONLOOKER

barrier. It would take a rash soul, though, to predict how things will go next week. The market has been severely shaken by recent events, and will take some time to recover its balance.

#### Clutch of deals

It seemed grimly appropriate that on Wednesday, with the equity market plunging, three companies should have proposed major deals to be financed largely with their own paper. While paper was still valuable, the pessimist might say.

The three deals — BET buying the rest of its initial towel associate, Granada buying the Rediffusion TV rental business from BET, and Dee Corporation bidding for Booker McConnell — would be worth in total a formidable £520m. Close on £370m of that would be satisfied by the issue of shares.

That apart, all three deals look perfectly logical in an industrial sense; indeed, it is not surprising if the Office of Fair Trading were to look at

any or all of them to check that they were not a little too logical.

In particular, BET already owns 80.8 per cent of Advance, another leading company in the market for towel rental and cleaning. The Monopolies Commission cast an inquiring eye over that market last year. Granada, in turn, would end up with maybe 19 per cent of the market for rental of TVs and video cassette recorders. Since that market is dominated by Thorn EMI, though, there might be a better chance of the authorities waving the deal through.

The Dee/Booker bid raises questions on the concentration of power in food retailing—an issue which is already under official investigation. Dee has over 340 supermarkets already and six Carrefour hypermarkets; the addition of Booker would bring the supermarket total to 500, accounting for some 6 per cent of the national market. But then, giants like Tesco and Sainsbury have twice that market share—an argument which could work in the merger's favour.

#### Stronger fibre

The UK textile market has been coming out of recession ahead of other countries, and Courtaulds—the world's biggest textile manufacturer—has been spinning along accordingly. Group pre-tax profits for the

year to March 1984 were 86 per cent up at £117.8m; but at the operating level, UK profits were doubled, whereas profits overseas were up by only 20 per cent.

In the stock market's mind, the chief questions about this impressive performance are how far the improvements in Courtaulds' operating efficiency will protect it from the next cyclical downturn and how long that downturn will take to arrive.

Cyclical improvements in operational gearing are largely outside the group's control, and ICL, for example, has already expressed caution about how long the present cyclical upswing will continue.

Certainly, Courtaulds would argue that it deserves credit for its own improvements in productivity; and it is worth noting that group turnover in the year was up by only 1 per cent, and volume by half as much.

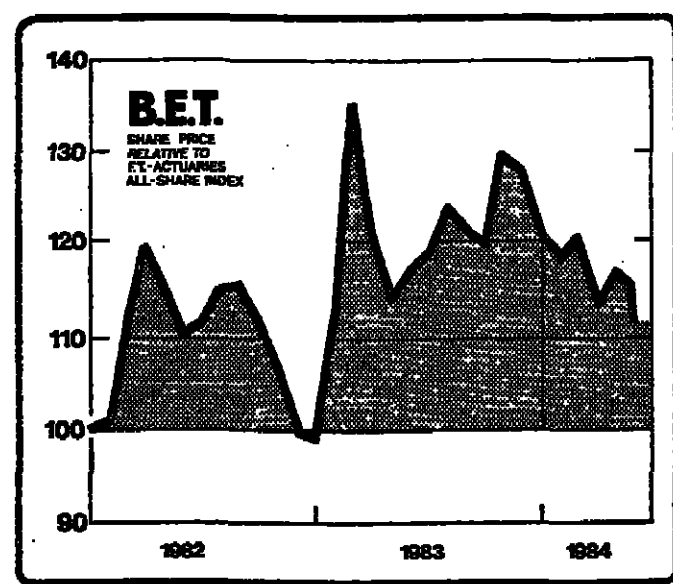
Within that, though, it was at the commodity end of the production chain that sales growth was strongest—12 per cent in the fibres division, in particular. To the market's mind, that smacks rather of passive benefits from the cycle. And though Courtaulds still seems keen to stabilise itself through a U.S. acquisition, sterling's weakness against the dollar—which did so much for exports last year—makes that strategy look costly.

#### Sweet 'n' sour

The market in Tate & Lyle's shares had been upset for a while by rumours—confirmed with Wednesday's figures—of a snarl-up in the group's sugar trading. Indonesia, which normally orders 100,000-200,000 tonnes of sugar from Tate & Lyle per year, is jibbing over a contract struck a couple of years ago, when the sugar price was a great deal higher than it is now.

Indonesia's motives are clear enough, since it could not satisfy its requirements much more cheaply on the open market. The case now goes to the Arbitration Board of the London Commodities Exchange. Pending a resolution—within six or nine months at the latest—T & L is taking it on the chin, with a provision of the full possible loss of £10.4m.

That one-off problem apart, the only other deterioration last year was in agribusiness. The group runs a worldwide consultancy service across the range of agriculture, but with an historic bias towards sugar growing. Third World countries



are not in a financial position these days to consider agricultural expansion. And the world sugar price—at its lowest for two decades, at 6 cents per pound—is well below the level at which any cane grower can make money.

Otherwise, though, T & L is a more efficient animal these days. Even after the £10.4m provision, first half profits to end-March were 28 per cent ahead, at £27m. Some of that was due to interest receivable on last year's rights issue; but besides that, the group has been successful in weeding out its loss-makers. The share price is by now looking ahead to the next stage—expansion through acquisition. Always a risky process, in T & L's case this is being eyed with caution by the market.

#### Happy couple

The Habitat/Mothercare combination always looked rather an attractive one, with both chains offering a clearly defined marketing concept and Sir Terence Conran the very man to correct any latter-day shortcomings in Mothercare's product design.

This week's figures to end-March 1984 certainly seemed to show the merger working well, with full-year pre-tax profits up by a third to £30.6m. Both the main chains, in particular, are going strong, with the rise and rise of Habitat continuing and Mothercare's "renaissance"—Sir Terence's term—working to schedule.

This is plainly not enough to satisfy the group's energies, though. New projects during the year included taking on Richard Shops, making a start with the teenage clothing chain Now, and setting up a partnership with fellow entrepreneur Paul Hamlyn's Octopus Books.

Richard Shops, in particular, is an example of a fine marketing idea further in decay than Mothercare ever was. Another continuing problem—though one apparently responding to treatment—is that of effectively presenting the Habitat and Mothercare concepts abroad.

## A pause after the bloodbath

### NEW YORK TERRY DODSWORTH

AFTER last week's bloodbath, the Wall Street markets took a welcome day off on Monday this week, only to return from the holiday in virtually as sour a mood as when they shut up shop.

On Tuesday and Wednesday, bond prices continued in a straight line downward progression, taking yields very close to the 14 per cent which Dr Henry Kaufman, the Salomon's economist, was warning about a brief four months ago. Equities initially followed the credit markets, with the Dow Jones Industrial Average at one point slumping briefly through the 1100 base—some 14.5 per cent below the high of 1258.64 hit less than five months ago and a point which has taken dividend yields on the 85 leading industrial stocks to over 5 per cent.

One problem for equities is that the higher money supply figures—M1 was up again by \$3.3bn in the latest reporting week—are being taken as evidence of the Federal Reserve Board's reluctance to tighten monetary policy still further at a time when it needs to lend its support to the banking sector, notably Continental Illinois.

The other immediate anxieties are Continental Illinois and the Middle East conflict between Iraq and Iran. Quite apart from the generally unsettling effects of problems at a major bank which could clearly have damaging ripple effects on the rest of the financial community, the fact that shareholders in the company are having to clean up their positions also hits confidence elsewhere.

The top performer, though, was the food division, which produced a 35 per cent increase in profits on sales which for the first time topped the £1bn mark.

This should be a source of reprieve to those—and there were many—who doubted the wisdom of Allied's acquisition of Joe Lyons. But then, Lyons was at the time a very ailing company indeed, and had been since the early '70s. The turnaround in the '80s showed that Allied's management—always energetic—was also more versatile than had been supposed.

All the same, there is a lingering question over where the group goes next. Drinks are still the heart of the Allied empire, and growth in whisky, beer and fortified wines is getting hard to come by.

To an extent, the other brewers are now undertaking strategic changes as a result: Allied seems slow in producing its own initiative.

Anthony Jackson

organisation in the corporate sector. As economic expansion continues, and cash flow strengthens, many companies are taking the chance to buy in their own shares. After Teddy's and Tandy's recent large repurchases, Celanese announced this week that it would be spending around \$53m, and Philip Morris \$732m, on similar plans. Both decisions pushed up the shares by about a dollar.

Reconstruction via takeovers is also continuing apace. The week produced a new virtually routine announcement of yet another leveraged deal—for the Denny restaurant chain—and speculation that another may be attempted at Revlon, the cosmetics group.

By recent standards, the Denny proposal, valued at almost \$780m, is small beer. Yet three or four months ago it would have been regarded as an extremely large leveraged agreement—one indication of the rapid rise in the scale of this activity, which is now said to be worrying the authorities because of the amount of book finance that is being pumped into the economy to fund it.

Another, more intriguing, management buyout proposal bit the dust this week, when Fibro-Salomon, the giant commodity trading and securities house, called off a proposal to divest its commodity business.

While always more than ready to tell Governments or anyone else how to conduct their financial affairs, the group is never particularly loquacious when talking about itself, and this announcement was a masterpiece of tactfulness. Why the deal was called off or even why it was mooted in the first place remains a mystery shrouded in an enigma.

Explanations range from the conspiratorial (the whole thing was masterminded by Mr Harry Oppenheimer's De Beer's, which ultimately controls 21 per cent of the Wall Street group), to the speculative (Salomon needs the commodities business this year because of the difficult trading conditions in the Government securities market), and the just plain scurrilous (it simply got its arithmetic wrong when it first put up the deal). As always, Wall Street can probably make more out of a scrap of news than a good long meaty announcement.

Table with 2 columns: Day and Market Closed. Monday 1101.24 -5.86, Tuesday 1102.59 +1.35, Wednesday 1104.85 +2.26, Thursday 1104.85 +2.26

## FALL FROM MAY 3 INDEX PEAK

Despite yesterday's sharp rally, the following table shows in percentage terms the extent of the fall in the FT 30-share index and its constituents since the all-time peak was reached on May 3.

Table with 4 columns: Price, % Fall, 1984 High, 1984 Low. Lists various sectors like F.T. Ind. Ord. Index, Allied-Lyons, Assoc. Dairies, BICC, BOC, BTR, Beecham, Blue Circle, Boots, Bowater, BP, Cadbury Schweppes, Courtaulds, Distillers, GEC, Glaxo.

## Sell in May—go away

USM INVESTORS must be wondering whether their microchip crystal balls have blown a fuse. In the past three weeks the junior stock market has suffered its worst ever decline, with the Datastream USM leaders' index slipping by more than 14 per cent from its peak of 115.5 in early May.

The old cliché sell in May and go away has never looked more apt. But the second part of the adage—don't come back till Derby Day—seems like less good advice, for it is far from certain that the betting instinct will have revived on the USM by the time the punters start collecting their winnings at Epsom next Wednesday.

There have been some crazy prices quoted and some selling at stupid levels in the past few days. No one can say when the buyers will come on the feed again," says one stockbroker.

If anything, the downward curve of USM share prices has sharpened, with the biggest setback taking place on Wednesday, in line with the main market. During the past seven days the USM index has declined by almost 10 per cent and underperformed the FT All-share index by almost 6 percentage points.

The string of gloomy economic indicators which gave the upper house a chill was compounded on the USM by investors' natural aversion to holding riskier stocks in bearish times.

In addition, the USM has been ill-served in the past week by the dominance of formerly high-flying computer and electrical companies, which make up around a third of its £2.56bn market value.

News that the U.S. home computer market was drying up spread gloom throughout the sector, even to computer companies that have nothing to do with the U.S. domestic scene.

### Unlisted Securities Market

Meanwhile, the outperformers of the spring succumbed to a wave of profit-taking by investors who feared that their notoriously high ratings had gone far enough.

"Speculative interest has very rapidly unwound," says David Gibbons of stockbrokers James Capel. "We might well see these stocks permanently de-rated. They make great bull market stocks, but poor bear market investments."

His point is grimly underlined by the fact that seven of the ten worst performing USM shares of the week are computer or electrical related. Acorn Computer Group, which has recently launched its BBC

micro in the U.S., experienced a 15 per cent decline in its share price to 145p, where it is still the biggest company on the USM with a market value of £163m. Only three weeks ago, its shares stood at an all-time high of 193p.

Bottom of the weekly league is Adam Leisure, a maker of hand-held electronic games, with a 36 per cent plunge in its share price to 15p—a movement which admittedly had more to do with a £2.5m decline in pre-tax profits to £302,000 for the six months to March.

Even after this week's upsets, many USM computer buffs still have a tidy profit on their books. Despite a 10 per cent decline over the past month, the Datastream index of 21 computer stocks has managed a 59.5 per cent gain over the past 12 months in absolute terms.

Meanwhile, the gloom in the USM generally has been reinforced by a clutch of bleak announcements. JSD Computer Group recently announced second half losses of £63,000. Radio City (Sound of Merseyside) showed an interim profit decline, while Tyne Tees Television, Rayford Supreme discount electrical store and Laidlaw Group Ford dealers all came out with cautious statements which made the USM's one heady atmosphere seem well in the past.

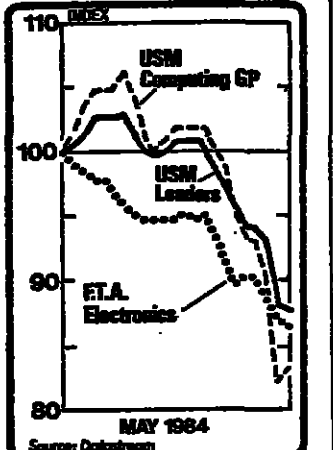
Judging by the small size of the bargains which jobbers have been reporting, it looks as if the bulk of the selling up till now has been by private investors. The key to whether prices are set for a more serious dive lies in the hands of the financial institutions, who have an estimated 70 per cent of the free equity on the USM.

At a time when jobbers are unwilling to take USM stock out of their books in an already restricted market, few institutions would contemplate selling large chunks of equity because of the huge losses they would incur.

"You can't sell them in these conditions, so there is only one thing to do," says James Caulfield, a director of M&G Investment Management, which has around £5m invested in the USM. "In any case we see them as medium term investments since they are mostly development companies."

Shaun Whyte, who handles Britannia Arrow's £7m USM unit trust, adds: "It is not a market in which you can trade easily—you have to see it as long term. The only way we would be forced sellers would be if we had a large number of redemption requests."

Even if institutional shareholders are prepared to stay locked in to their USM invest-



ments until the sun rises over the Stock Exchange again, that does not stop them from taking an increasingly cautious view of any new offerings that step their way.

For this reason, some USM applicants are already delaying their market debut until conditions improve, according to brokers' reports. Since most of them raise less than £2m on coming to the market, USM hopefuls do not have to apply for a place in the Government Brokers' queue and therefore find it far easier than the larger companies to adjust the timing of their quotation.

"The dramatic drop in prices we have had over the past two weeks makes one reconsider the ratings one can do for new issues," says Neil McClure, manager of corporate finance for stockbrokers Phillips & Drew. The firm's sixteenth USM company, the fresh foods group Hunter Saphir, is due to join the market on Tuesday week with an historic earnings multiple of 18 at the 120p offer-for-sale price—well below the current USM average of just over 25.

David Cohen of stockbrokers Simon & Coates says: "It's not a question of whether or not to go. It is simply a question of whether vendors are prepared to accept more cautious ratings. Unless a company is desperate for cash or desperate about the price, one will see new issues being delayed as a result of difficult market conditions."

So far, there has been little real evidence that the USM is set to give new issues an indiscriminately tough time, beyond the lukewarm reception afforded to Microvitec, the colour display monitor company, which started at a disappointing 8.3 per cent premium a week ago and now stands at 14p below its 180p issue price.

Dealings start on Monday in Petroles, the oil exploration group, and Spectra, a car care products company. USM aspirants will be watching the reception they get closely for any further guidance on whether they should wait in the sidelines until the dust settles.



## While Katy played yesterday, her mother made eighteen people feel a bit better

Katy's mother is one of those nurses who seem to make the whole ward happier when they are on duty. Yesterday, she cared for her patients with a bright and kindly attitude—and a quiet mind also, for she knew Katy was being well looked after at Barnardo's local day care centre.

As a single parent, Katy's mother has faced many problems, and the last three years have been very tough. Now, with Barnardo's help, there's a new beginning. Since she returned to nursing six months ago, Katy's mother has been able to provide for her small daughter and herself, and begin to furnish their tiny flat. Best of all, she can see the benefit to Katy of mixing with other children and learning through play. Barnardo's caring makes a difference to the

### Barnardo's Day Care

community, where a great deal of their work is undertaken. Barnardo's specialised units for physically or mentally handicapped children, and their fostering and adoption centres are well known. But the latest developments focus on the problems of youngsters under stress. (Currently, new projects are planned for teenagers who are in great need of guidance.) As the needs of children increase, costs continue to climb. Please, would you help by sending a donation to Dr Barnardo's or by remembering their work in your will. That way you'll help to make over 9,000 children feel a bit better. Barnardo's will gladly send you information literature if you would like to write to them.

Dr Barnardo's, 332 Barnardo House, Tanners Lane, Barkingside, Ilford, Essex IG6 10G

This is a true story. To respect the privacy of those involved we have used realistic and fictional names.

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FT/2:6

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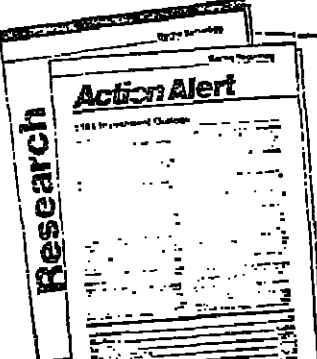
To Peter M. Zubek, Manager Bache Securities 3-5 Burlington Gardens London W1X 1LE Telephone 01-439 4191/Telex 263779

Please call me on Telephone no. \_\_\_\_\_  
Please send me your latest piece of investment research.

Name \_\_\_\_\_  
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FT/2:6/84

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*Handwritten note:* Je l'ai notifié

## FINANCE AND THE FAMILY

### No CGT on a field

BY OUR LEGAL STAFF

My father died on March 13 1955 and left estate of net value £4,520 which included a 14½ acre field valued at £300. My mother died on September 14 1983 and the value of the estate then was £4,433 (the majority having been invested in 3½ per cent War Loan by the solicitor in 1953) plus the field which must now be worth about £22,000. The estate now passes to me. Do I have to pay capital gains tax on the increase of value in the field and how much will this be? No, unless you sell the field. For CGT purposes, you are deemed to have acquired the field on September 14 1983 (upon your mother's death) at its market value on that day.

your land on a plan without obtaining planning permission for those proposals, there is nothing you can do. If an application for planning permission has been made, however, the applicant must certify to the planning authority either that he is the owner of the land concerned or that he has served the owner with notice of the application. A permission obtained on a false certificate may be invalid.

children are remaindermen. I wish to give them from time to time in my lifetime some of the capital from the trust.

Apart from any necessary stock transfers, must I execute any formal deed each time? Could simple receipts and appropriate entry on annual IR returns suffice?

For CTT purposes I assume such gifts would count against my personal CTT exemptions and lands.

If you are the life tenant you cannot deal with the capital of the trust unless you also have a power of appointment. The trustees, however, will most likely have a power of advancement under which they can release capital to the remaindermen, and you could ask them to do this. CTT would be payable on such an advancement, but it is not part of your CTT exemption or liability.

### Chief rents are saleable

The Trust of my late grandfather has all but come to an end, but still includes 30 or so Chief rents for properties in the Manchester, Stretford and Sale areas.

For the year ending December 31st, the net income was the princely sum of £30,000. This is a "fy-in-the-olmest" situation, and seems to be the only reason why the Trust cannot be wound up and the assets divided equally between the beneficiaries, namely my mother and aunt. My question is, is it at all possible to dispose of these chief rents, and if so, how can this be done? Are any of the following a possibility either through sale or as a gift: 1 The property owners 2 Manchester City Council 3 The Government 4 A charity

Chief rents are a saleable form of property. You should inquire through an estate agent for the names of agents specialising in such sales with a view to including the remaining rents in an auction. However, you can first offer them to the rent payers, who might be glad to pay a small sum to purchase them. Your other proposed recipients would not appear to be feasible.

### Planning permission find

Could you please advise me on a problem concerning submissions of plans by others over my property. On carrying out a "search" I find that a private developer has drawn up plans which also affect my land. The Planning Department state that this is legal even though it could have an adverse impact on the marketability of my house.

My bungalow is adjoined by a field and a filling station owned by Shell. As a result of a bypass built some years ago, the trade of the filling station has fallen and it is possible that the land may be sold off by Shell for house development.

This could mean an access road to the estate with the removal of my garage which is now at the end of the close. Furthermore, an extended road would be within 6 feet of my lounge and the property could not be sold. My fear is that the council may make the opening mandatory. In these circumstances I may neither extend my property nor sell it.

How can I find out the council's position in a legally binding manner?

If the developer has merely included proposals relating to

### Keeping the garden

Approximately five years ago I moved into my present house and as there wasn't a garden I started cultivating a small area about 20 ft by 12 ft at the rear of the house, as have all my neighbours.

In planning the garden I chose to follow an existing stone wall as the rear boundary (possibly an old back yard wall since the area once contained houses), and at the front the garden is bordered by a former back street, now an overgrown public footpath.

During the five years I've been gardening no-one has approached me for rent nor demanded that I vacate the land. Nor have my neighbours been asked for rent.

I understand that it is possible to claim ownership under common law provided the land is fenced and other formalities are observed. Can you tell me how long I have to have used the land before I can process a claim? What starts the clock ticking? What constitutes a

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

ence and what other action is necessary?

The clock starts ticking when you have effectively excluded the true owner that is not necessarily you, but a complete exclusion of everyone other than yourself by fencing and a locked gate is a very strong indication that your possession is adverse to the true owner. Adverse possession for 12 years will defeat the claim of the true owner.

### An American pension

I recently became entitled to a retirement pension from a U.S. company for which I worked in the U.S. before returning and, as a British citizen, becoming domiciled here.

I cash the monthly dollar cheques from which my bank deducts a commission of about £3 each month. Should it be the net or the gross amount of pounds resulting from each transaction which should be reported in my tax return for 1984-85? I also receive some debenture interest from the U.S. and notice from my bank's tax certificate that basic rate is calculated on the net amount of sterling received after deduction of bank commission. You can simply report the net amount after exchange commission because this is merely an element in the effective rate of exchange given by the bank on small transactions.

What the bank has done in taxing your debenture interest is correct, for similar reasons. Both your pension and your debenture interest are exempt from U.S. tax, by virtue of the U.S./UK double taxation agreement.

Your 1985-86 assessment will be based upon the amount of your pension for 1984-85 (as will the 1984-85 assessment), unless you choose to have it based upon the real figure. Subsequent years' assessments will be based upon the preceding year's pension, without any choice. The rules are complex and administratively inconvenient, unfortunately.

## A change of perspective

### MINING

GEORGE MILLING-STANLEY

THE PRICE of gold continued to improve this week, although at present levels it is still well below half of the historic high achieved in January 1980. The price of gold remained at around the highest level it has ever achieved this week.

These two sentences, apparently mutually contradictory, are both in fact true. The first referred to the gold price in U.S. dollars, while the second concerned either the pound sterling, or the Italian lira, or the Hong Kong dollar, the Brazilian cruzeiro, or a number of other currencies.

It is all too easy to fall into the trap of believing that the U.S. dollar price of gold is the one true figure, as the metal is normally quoted in dollars. True, the current price is barely nudging the \$400 level, as quoted in the markets, but changes in currency parities mean that in terms of many other currencies it is not far short of the \$850 reached in 1980.

This fact was brought home forcibly this week with the publication of "Gold 1984," the annual "bible of the gold bug," by Consolidated Gold Fields, Miss Louise du Boulay, author of the study, encouraged a change of perspective by pointing out that gold was not a weak market last year, it simply suffered in

conventional terms because of the extreme strength of the U.S. dollar.

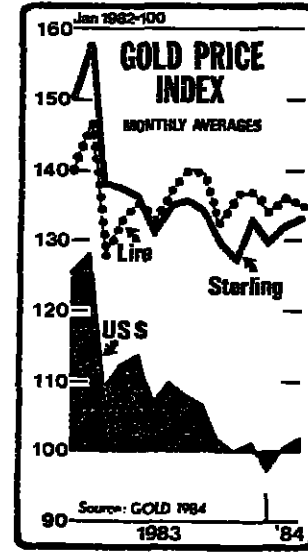
The accompanying illustration shows clearly enough what Miss du Boulay meant. And she went on from there to explain the weakness of demand for gold for virtually all of its traditional uses, notably jewellery, electronics, dentistry and coins, as being a function of the high price in local currency terms.

This is not in any way to minimise the impact of the lengthy recession, which also had a severe dampening effect on demand, especially for industrial applications. It does, however, help to explain why demand remained reasonably firm in the U.S. and to a lesser extent Japan, both of whose currencies were strong throughout.

The strength of the dollar was, in fact, a double-edged sword, attacking demand for gold. Apart from making the metal considerably more expensive to buy in any other currency, it also enhanced the attractions of dollar investments vis-a-vis those of holding gold, and this was compounded by the high level of U.S. interest rates.

That made a neat vicious circle for gold, as it was the level of U.S. interest rates which in turn contributed to the strength of the dollar.

The change of perspective wrought by Miss du Boulay is twofold, as Gold 1984 is essentially a historical record of trends in supply and demand over the past 12 months or so.



Demand was hit from a number of directions, as explained, while supply continued to rise, notably in the cases of Canada, Australia and Brazil, the last named taking over third place among the top western world suppliers from the U.S.

New mine supply continued on the rising trend established in 1980, and at 1,088 tonnes is now not far short of the level of 10 years ago. A further rise is in prospect for this year, with the start of production at the big Ok Tedi mine in Papua New Guinea, and the trend will be maintained over the next couple of years as the McLaughlin mine of Homestake Mining in

California starts up, to be followed by the three mines now under construction at Canada's newest goldfield near Hemlo, north-western Ontario.

Miss du Boulay made the valid point that the expansion of recent years were not so much a product of the exceptionally high gold prices seen in late 1979 and throughout 1980, but rather a long-term effect of the freeing of the gold price from its fixed level some 10 years earlier.

In addition, the new mines coming on stream owe a lot to advances in recovery and treatment techniques, which make the exploitation of much poorer-grade gold deposits an economically viable proposition.

While fundamentally historical in intent, Gold 1984 does offer some guidance to future trends. Supply, as explained, will continue to rise for at least the next few years, and there is also a good chance that demand will rise to match that of the last year.

Last year's surplus of supply over demand of around 200 tonnes did pose some problems for Miss du Boulay and her research team, as she was hounded enough to admit.

With virtually no investment demand apparent in 1983, the surplus has to be explained away by reference to the stock of gold which is held by the large number of traders in the market, and the impossibility of obtaining definitive figures both for some central bank transactions and for the purchase of gold bars.

Over £16 million of venture capital raised in the tax year 1983/84.

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  - Professional Management - Guinness Mahon has specialists in developing the potential of emerging companies.
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It should be noted that there are high risks involved in investment in young companies as well as the prospect of high rewards. Guinness Mahon aims to minimise these risks by investing in a diversified portfolio of companies.

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Please send for a copy of the Memorandum describing the Fund (on the terms of which alone subscriptions will be entertained) or telephone us on 01-623 9333 now (24 hours).

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# The cost of gold as a haven

CAN GOLD regain its glitter? The recent tremors in the world's financial system for a moment held out the prospect that after more than a year in the shadows it might re-capture a little of its former shine.

The fact that its rally was short-lived, however, underlines just how much things have changed since those heady days in 1980 when an ounce fetched over \$850.

The price is now less than half that. And, unless predictions of a collapse in the West's banking system prove to be something more than the utterings of eternal pessimists, few experts are predicting a spectacular recovery.

The reason lies not in any fundamental change in the mining of gold or in its use for jewellery and dentists' fillings, though the trends here have not helped.

What has really changed is the world in which gold has to compete for a place as an appreciating asset.

The trends in the world economy have all conspired against it. Low inflation, high real interest rates, and a strong dollar are gold's worst enemies.

Gold offers no interest or dividend payments, no certainty that on a set date in the future it will be worth more than on the day it was bought.

In the days when hyper-inflation wiped out the interest on government bonds almost before it was paid the potential rewards of hoarding gold were well worth the risk.

A new twist to the interminable conflicts in the Middle East, a blow for East-West detente, or a guerrilla war in Central America could all be relied upon to produce a healthy profit for gold investors.

The spectacular fall in inflation in the U.S., a strong dollar and high interest rates changed all that.

And as long as investors in U.S. securities are convinced that a stable, or rising, dollar will protect returns as high as 14 per cent on U.S. bonds there seems little reason for them to rush into gold.

Consolidated Goldfields, in its annual bible for the market "Gold 1984" which was published this week, is in no doubt over what holds out the best prospects for the metal.

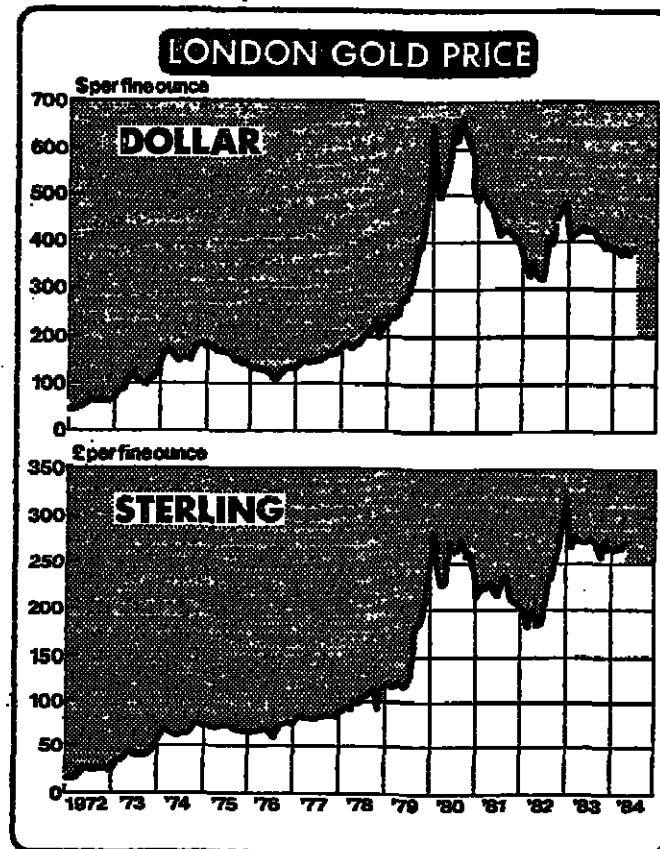
"At the heart of the matter lie U.S. interest rates and the dollar. . . . If rising inflation and a weaker dollar begin to appear inevitable then gold will once again be regarded as a possible alternative investment."

This hoarding by investors—people who buy it to put it under the bed or, more realistically, in a Swiss bank vault, is essential to bridge the gap between supply and demand.

For the two to have balanced in 1983, investors should have bought an extra 200 tonnes, or around 20 per cent of that year's new production.

That gap could narrow as economic recovery encourages more people to buy gold jewellery and reduces the need for existing gold holders to turn their bullion into cash.

Consolidated Goldfields already detects a change of mood



in the market and says that in the first quarter of 1984 retail gold sales picked up in the U.S., Japan and Europe.

But for the moment at least the essential judgment that an investor considering buying gold must make is primarily one of economics.

Does he believe that the huge U.S. budget and trade deficits will bring the long-predicted fall in the value of the dollar sooner rather than later? Will Latin American countries default on their debts and create panic in U.S. financial markets?

Or will the dollar continue to defy gravity, inflation stay under control and another round of deals be thrashed out

to sort out the debt problems of the third world.

Between those two extremes of course is the possibility that a less cataclysmic deterioration in the world economy could bring a gradual shift back into gold this year and next.

For many of those who have stuck by gold through the lean years there is also some consolation—as long as they are not U.S. investors.

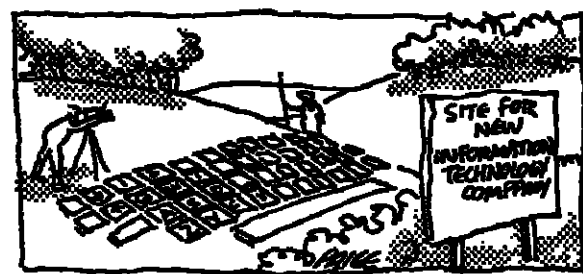
While the dollar price of gold has tumbled, the sharp downward shift in most other currencies against the dollar has actually brought gains for investors who paid in sterling, D-marks or Yen.

Philip Stephens

## BUSINESS EXPANSION SCHEME

# Join a hi-tech family

CLIVE WOLMAN reports on a new way of investing in small companies with a tax break



A FUND with a new approach to investing your money in venture capital as a way of protecting it from the taxman was launched this week.

The Hoare Octagon Information Technology Fund, which is sponsored by stockbrokers Hoare Govett, will be investing in small companies in a glamorous hi-tech industry using a different philosophy to pick potential winners.

The fund is designed to exploit the tax breaks under the Business Expansion Scheme (BES). It will invest only in the newly issued equity of companies not quoted on the stock market, so that its clients can claim tax relief at their top marginal rates on their investments.

This means that a top-rate taxpayer who puts £2,000 out of his net income in the fund will have his investment topped up by another £3,000 from the Inland Revenue.

In the last tax year to April, when the BES was introduced by the Government, a wide variety of funds was set up to manage investors' money by placing it in a spread of unquoted companies.

These funds have been free to cover the entire spectrum of British industry. Generally, they have adopted a "hands-off" approach, not seeking to

become involved in the detailed management of the companies they invest in.

By contrast, the Hoare Octagon fund will invest exclusively in companies specialising in information technology or relying on the application of such technology.

The range of possible investments is wider than it may sound. It covers computers, telecommunication services and equipment, electronic component manufacturing, electronic marketing, consultancy and advertising services, video games and other forms of electronic publishing.

According to Hoare Octagon director Alexander Reid, the chairman of Octagon, an investment management company, the fund will also be willing to invest in, say, a travel agency which will use the money to introduce electronic ticket-ordering and information retrieval services.

The connection between all these different types of companies may seem rather flimsy. But Reid, who was chief executive of British Telecom Spec-

trum until last year, says he aims to encourage joint ventures between the companies the fund invests in, and the

supply of goods from one to the other.

"One of the most important things I learnt at Telecom was that there are tremendous opportunities for fostering links between companies in this field," he says. "We want to build a family of businesses."

The fund will also be involved in the management of its "target" companies by supplying a non-executive director to the board.

If you have experience of investing in unit trusts, you may associate a fund specialising in a particular industrial sector with a higher degree of risk than a more general fund.

And as BES funds investing in small companies tend to be risky ventures anyway, the extra risks of specialisation may seem to be too much to bear.

But Reid believes his fund is less risky than its predecessors. It is the larger, more mature companies, he says, which are most vulnerable to the swings in fortunes of a particular industrial sector.

Unquoted companies with low market share depend critically for their success on the quality of their manage-

An investment manager with long experience in dealing with companies and their managements in one or two industries is likely to be able to make better choices, he claims.

"Investment managers are having to become more specialist," he says. "You can no longer have lunch with the chairman of a company in an industry you'd never come across and decide at the end of the meal to back him."

Even when his fund provides venture capital — the riskiest type of investment — for a company being set up from scratch, Reid says he will only go for managers in their late thirties or forties with a track record.

All the management expertise required to run such a fund, in the form of consultants and investment committees, will cost its clients dear however. There will be an initial charge of 6 per cent of the value of your investment (some recently-launched funds make no entry charge) and the Hoare Octagon management company has the right to take up share options to the value of 15 per cent of the fund's investment in any company.

It can also charge the target company an arrangement fee.

In addition, Hoare Octagon will earn the interest on the money placed with it before it is invested. The closing date for subscriptions to the fund is August 31 and most of the money, although possibly not all, is expected to be invested by the end of the tax year on April 5, 1985.

The fund is limited to a total value of £4m of subscriptions from investors and the minimum individual investment is £2,000. The value of the stakes taken in individual companies is likely to be between £100,000 and £500,000.

Contact: Richard Bunn, Hoare Govett, Heron House, 319-25 High Holborn, London WC1V 7PB.

# The knotty problem of bringing ethics into investment

THE unit trust arm of Friends' Provident Life Office this week opened up a new field in unit trust investment when it launched its Stewardship Unit Trust—a fund which will invest in "socially responsible" UK equities.

It is aimed at those seeking investment opportunities, for whom the return is not the sole criterion in selection.

These people are concerned about where their money is invested and equally about where dividend payments arise. The fund is not anxious to profit from human weaknesses, so it eschews tobacco companies, breweries, distilleries and other liquor producers, as well as companies involved in gambling.

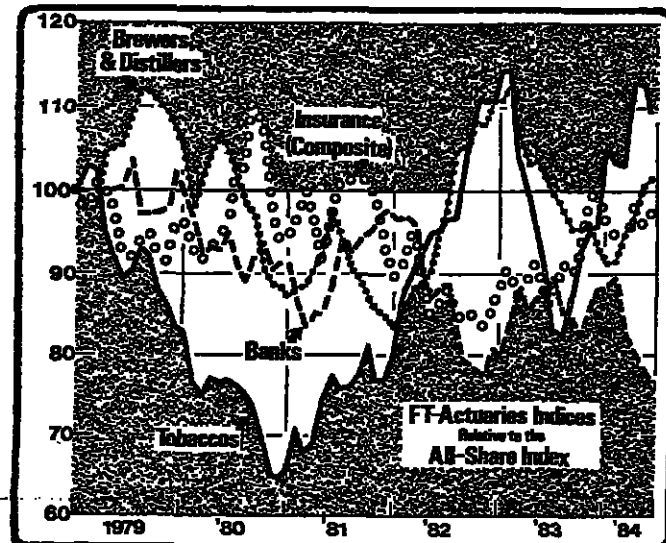
The Stewardship trust will also avoid investment in armaments or in South African securities. But this still leaves "grey areas".

How does the fund decide on the guidelines of social responsibility and how tightly can it draw the guidelines? Having drawn up the guidelines, how does it select stocks which will conform?

All the members of a six-person Committee of Reference, which is formulating guidelines, have an active interest in questions of social welfare. They include a member of the Religious Society of Friends and a member of the Joseph Rowntree Charitable Trust.

Friends' Provident, as its name implies, has had strong connections with Quakers ever since its foundation over 150 years ago. The formal connection with the Society of Friends has only recently been ended, but the informal ties are still strong.

One of those ties is with the Ethical Investment Research and Information Service



(EIRIS), which was established with the aim of assisting investors to find investments of positive social benefit and carrying out the necessary investigations into company activities.

So the committee, one of whose members is the chairman of the management committee of EIRIS, asked EIRIS to produce a list of companies from the FT-Actuaries All-share list that would conform to its guidelines.

After EIRIS had done a preliminary investigation it came

up with about 200 companies that conformed to the guidelines.

Not only are there obvious omissions like breweries; there are also no banks, merchant banks, insurance companies or insurance brokers.

But the most striking feature is the absence of any large company. Associated Dairies is the only constituent of the FT 30-Share Index which meets the guidelines laid down.

One possible drawback is that the investor receives a fairly low yield. The initial yield is estimated at 3 per cent.

Clive Wolman adds: It is worth considering how the restrictions imposed on the fund are likely to affect its investment performance in the long run, in terms of capital gain.

The graph shows how the sectors which feature most prominently on the blacklist have performed in the last five years relative to the FT-A All Share index of 748 shares, the broadest measure of the UK stock market. The results indicate that a unit trust which excluded those sectors would have out-performed the average as they have generally fared badly.

The last five years, it is true, give no indication of what is likely to happen in the next five years. But these sectors contain many large mature companies—and the fund is likely to have a permanent bias away from the largest companies, simply because their range of interests is so wide that at least a few of them are likely to be morally offensive on one criterion or another.

The Stewardship fund will probably have a strong bias towards smaller companies for example in the oil sector, where BP and Shell are excluded because of their South African interests. But the range of approved companies in the property and consumer durable sectors must increase the temptation of the fund managers to invest disproportionately in these areas, thus increasing the risk profile of the fund.

# John Govett & Co. Limited

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## The Border & Southern Stockholders Trust p.l.c.

The company aims at a flexible approach to the leading world markets to achieve growth of capital and income. Total net resources £204 million.

## Lake View Investment Trust p.l.c.

The company aims to achieve growth of capital and income, principally in the Far East. Total net resources £150 million.

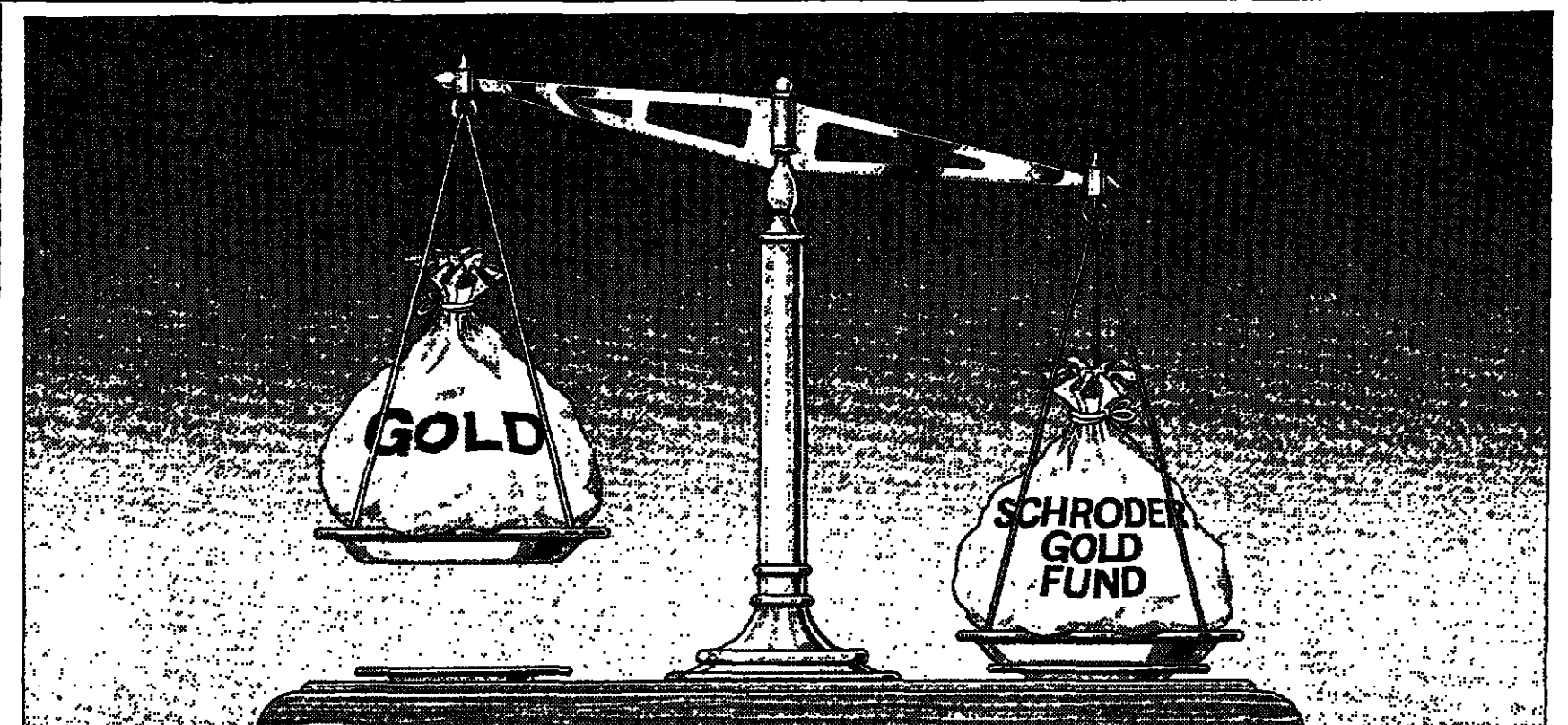
## The Stockholders Investment Trust p.l.c.

The company invests primarily for capital growth, principally in North America. Total net resources £97 million.

## The General Stockholders Investment Trust p.l.c.

The company invests primarily for capital growth with emphasis on companies with smaller capitalisations, both in the United Kingdom and North America. Total net resources £24 million.

For further information contact Brian Jervis, John Govett & Co. Limited, Winchester House, 77 London Hill, London EC2N 1DH. Telephone: 01 583 5620.



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- The U.S. Dollar is widely recognised to be overvalued. Substantial Trade and Budget deficits, uncertainties over interest rates and the political situation could weaken the dollar in favour of gold.

- If inflation in the U.S. and U.K. rises once more, there will be renewed interest in the gold hedge.

- The relatively low price of gold—at \$378 per oz (23.5.84) against a 1980 high of \$850—is highly susceptible to a sharp rise on increased demand.

- Industrial demand for gold is on the increase, and Kruggerand sales rose by 36% in 1983 alone.

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Gold now represents a solid opportunity for capital growth. Market commentators and investment institutions are agreed that the timing could well be right for a medium term investment.

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The Schroder Gold Fund aims for capital growth by investing in a broadly-based portfolio of mining shares—at least 90% in gold and the balance in other precious metals. There is no direct bullion investment. Unlike gold itself, this fund does provide a yield, initially estimated at 3% gross.

Any improvement in the gold price is likely to have a more than proportionate effect on the profitability of mining companies, with excellent implications for their shares. Of course, their general trends will be in line with the gold price, which can be quite volatile. For this reason only a proportion of your portfolio should be invested.

## Invest without delay

Present opportunities are unlikely to be sustained; in particular any widespread belief that equities were peaking would lend weight to gold's attractions and influence the current low price.

By investing now, you can secure the opening price of 50p per unit which applies until 15th June 1984 only. Simply fill in and return the coupon with your cheque (min. £500).

Remember that the price of units and the income from them may go down as well as up. You should regard your investment as long-term.

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FT 26

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## YOUR SAVINGS AND INVESTMENTS—2

### STOCK MARKET

## Comfort for those with the jokers

IF YOUR fortune has been cut down to size by last month's slump in the stock market, and with it your self-confidence, perhaps you should turn to stockbroker David Damant for consolation.

It all went wrong just when you started to think of yourself as a top-notch stock market player. After all, who else could have had the foresight to buy ICI at 350p, sell London and Liverpool at 600p and switch from the U.S. to Japan last June?

Visions of that yacht and chalet in the south of France were springing up on the horizon.

But that is where David Damant comes in.

His world is an austere one, in which judgement counts for little. When the stock market is shooting up, his view that the tireless pursuit of profit by most stock market players is futile makes him look like a party-pooper.

But when the market, and your profits, are crumbling away, the fatalism of his theory is comforting.

Not that you can't lose all your money on the Damant view of the world. But if you do, you don't need to blame it on your lack of judgment or skill. Nor should you feel inferior to those who have been making money. It's just a matter of who was dealt a hand of aces and who a hand of jokers.

All the information and the interpretations of that information which may affect the fortunes of a company are immediately reflected in its share price. Any other price movements are random and unpredictable. So if you got the market wrong, don't torment yourself.

David Damant surveys the City, as Kheleth surveyed the iniquities of ancient Judea.

"I returned, and saw under the sun that the race is not to the swift, nor the battle to the strong, neither yet bread to the wise, nor yet riches to men of understanding, nor yet favour to men of skill. But time and chance happen to them all" (Ecclesiastes 9, 11).

In other words, you can buy the wrong stocks at the right time and accumulate riches, or the right stocks at the wrong time and lose them—but whether you are a "man of understanding" or not makes no difference.

Damant has always been regarded as an eccentric in the City even when he was elected chairman of the Society of Investment Analysts from 1980 to 1982. But in recent years he has toned down his advocacy of the view that the stock market is priced so efficiently that it is difficult, if not impossible, to beat except with a run of luck.

"Back in 1978, I was like an early Christian in ancient Rome," he said. "And when you're trying to convert people who are hostile, you can't afford to make too many qualifications. I used to sound more hard-line."

Had he encountered much hostility from the unit trust and pension fund managers, the stockbrokers' analysts, the researchers and everyone else who makes their living trying to spot undervalued shares and market trends?

Damant pulled his head back into his neck and pressed his long slender fingers together. "In the U.S. people got shouted down at meetings when they mentioned the efficient market theory," he said.

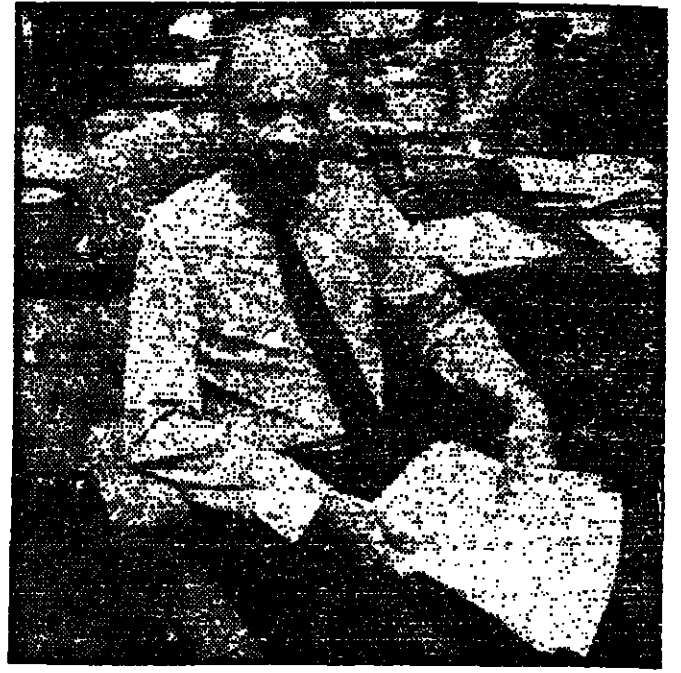
"But over here, people would just say, 'That sounds

### CLIVE WOLMAN interviews one of the most original of the City's thinkers

terribly interesting,' and then turn their noses up at it. It is regarded as 'academic' which, in England, is a term of abuse."

But over the last two years, he says, many more City folk have come to understand and accept at least parts of the theory. Only in the last few years has the statistical data been thorough enough to allow the long-term performance of pension funds, unit trusts and investment trusts to be measured to reveal whether the fund manager has achieved returns above the stock market average.

"People are not convinced by



David Damant... surveying the City as Kheleth surveyed the iniquities of ancient Judea

argument, only by observation," Damant says. "And the observation has generally supported his views. Few fund managers have consistently beaten the stock market index."

Damant, aged 47, has been accepted into the establishment. Two years ago, he became a stockbroker and joined Quilter Goodison, the firm of the Stock Exchange chairman. Last year he was made a partner.

Today he is able to put his theories into practice by administering about £100m of pension fund money. His fund is designed to do no more than match the stock market average return by investing in all the largest 750 companies without discrimination, or active management.

Damant too is anxious to distance himself from "the hard-line theorists of Chicago." He believes that it is possible to make money by investigating at least the smaller UK companies which are under-researched.

Only with the 200 to 300 largest companies are there unlikely to be any returns from a thorough analysis, he believes.

He also considers that a few small, private investors relying more on instinct rather than detailed analysis are capable of making more money than the professionals. "When all the publicly available information is immediately discounted in the share price, what's going to happen next is a matter of intuition, a seat-of-the-pants judgement," he says.

"And some private investors seem to have a natural talent for seat-of-the-pants." But, he says, that ability is rare.

He darts around the office picking up sheets of information to prove his points. "Not all world stock markets are efficient," he says. "Some are frequently under-valued relative to others." He gives the example of Sweden which shot up in value when it was discovered by the Americans.

In contrast to the arts or classics background of most stockbrokers, Damant's first degree at Cambridge was in logic. He then went to work for many years with Investment Research in Cambridge, an unusual training ground for a man of Damant's views as it is dominated by chartists.

Chartists believe not only that it is possible to forecast stock market movements but also that you do not need to research the fundamental factors to do so. Instead you just look at the previous price movements of any share.

That kind of statement is enough to make most efficient market theorists see red. They believe that share prices "walk" about in a random fashion, the past giving no guide to the future.

But Damant has developed a complex theory which allows him to sit in the middle between these two warring camps. "It's often very difficult for me," he admits.

"The chartists hate the efficient market theorists and regard me as an outcast. But even the efficient market theorists who I get on with, narrow their eyes with suspicion when I tell them I'm interested in chartism."

He smiles mischievously. The role of the lemming is something he relishes.

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PROPERTY

What's going, going, gone?

BY JUNE FIELD

ONE INDICATION that the residential property scene is swinging from a buyer's to a seller's market is the current success of auctions.

This is a change from last year when around this time I wrote of a southern counties sale of a small country estate where a pretty little cottage never reached the £25,000 reserve and was withdrawn.

Particularly as it should be borne in mind that a reserve does not necessarily represent the price that a vendor wants to achieve, but rather the absolute minimum that is acceptable.

And the property is only "in the room" if it can be sold to a certain buyer, after the reserve has been bid.

Serious, unemotionally high reserve naturally discourages bidders, warns auctioneer Robin Cripps of Bernard Marcus, who regularly holds sales of vacant, part-occupied and investment houses and flats. In April, of 200 lots on offer, 140 sold in the room.

Very often of course, private negotiations are conducted after a lot has been unsuccessful at auction on part of Lane Fox & Partners, recent auctioneer of the Mott House, Farnham, Hampshire.

The main house sold for £65,000 and lot 2 attracted interest after it was withdrawn from the room.

Or sometimes a place will be

sold on a good firm offer before it reaches the room. Yehudi Menuhin's home, 2 The Grove, Hitchgate, N.6, was sold through the Knightsbridge office of Knight Frank & Rutley in conjunction with Aldine Henry & Co. for an undisclosed sum just before the planned auction a few weeks ago.

The considerably reduced public price quoted was in the region of £650,000.

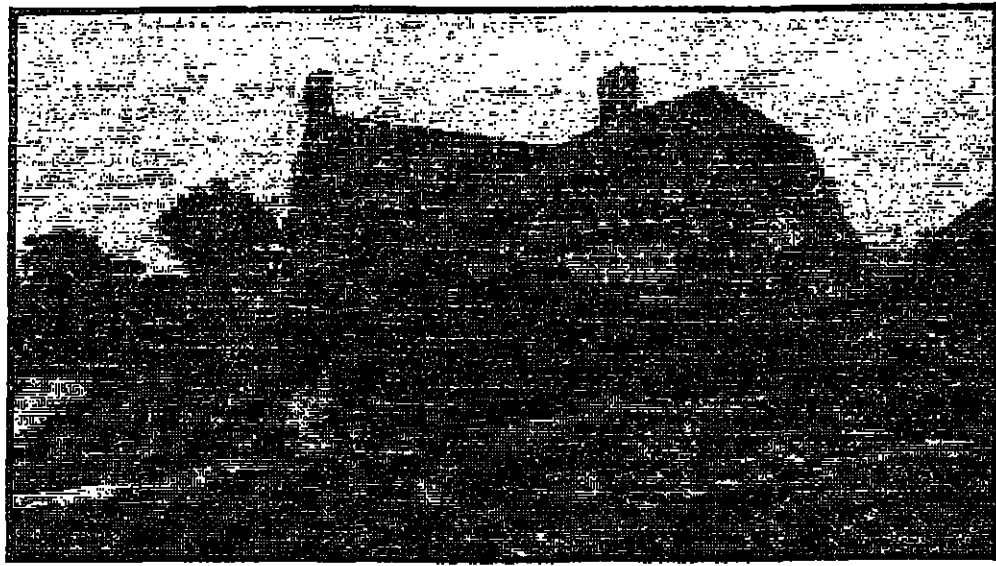
At a recent Whiteheads sale in Southsea of 14 lots, mainly residential, £358,000 was raised. Auctioneer Colin Wilton Smith says he sees a steady increase in the value of auction properties.

"Houses in need of modernisation are the best performers. On average they command about 10 per cent more than six months ago."

The old adage that house buyers do not pay for a view was confounded by last month's sale of Station Cottage at Kilkham, near Milton, North Yorkshire. Bryan Jaram, Jackson Staps & Staff's York office, reports.

"The former railway carriage is in need of complete modernisation, and has no drainage or sanitation. But there is a superb view over the 12th century Augustinian Abbey on the banks of the River Derwent."

"Spirited bidding drove the guide price of £15,000 to £20,000 up to £45,000 throwing out all theories of valuation."



Red House Farm, Elstead, near Godalming, Surrey, goes to auction on Thursday, June 14 either as a whole or in nine lots. Guide price on lot 1, the 16th century farmhouse together with a cottage, barn, stables, paddock, tennis court and 20 acres is £190,000. Details C. J. Brockhurst, Messenger May Baverstock, 8 Quarry Street, Guildford, Surrey (0483 572992).

Successful or not, an auction will cost both seller and bidder money. The seller has to pay for the agent to prepare the sales brochure, advertise the property, hire the auction room and so on, plus solicitor's costs for the Memorandum of Sale which goes in the brochure. Commission fees go on top after a sale is eventually completed.

The would-be buyer will also have to spend on legal and survey fees, obligatory before the sale as the Memorandum in the brochure has to be signed on the spot after the fall of the hammer.

It is legally binding, and a completion date is usually specified in the stipulations or conditions of sale set out in the particulars.

The absolute basic costs for putting to auction say a small country cottage expected to fetch £50,000 to £60,000 could be in the region of £1,000 without legal fees and commission. This would cover local adver-

tising and sale posters, about £500, 600 to 700 brochures with photographs, about £400, plus £100 to cover auctioneer's fees, hire of room, incidentals and so on.

As Peter Lowndes of Lane Fox and Partners in North Audley Street, W1, points out, it could be done for less. Much depends on the quality of the promotion you want.

"And of course for a really good country house that needs a smart, glossy brochure and national advertising, in the £200,000 to £400,000 bracket, the costs could be nearer £3,000 to £4,000."

"The important thing is to get as much exposure and interest as possible in a property during the six weeks or so launch period. It is no good turning up at the auction room and finding that there is no one there to bid!"

The major attraction of an auction of course is that the buyer cannot be "gazumped"

and the seller has the satisfaction of knowing that a sale is under way without all the traumatic "subject to contract" delays, almost inevitable with private treaty sales.

The auction with the most intriguing background story must be that of Middleton Park, Mullingar, Co Westmeath, on Tuesday, July 19 in Dublin.

The 375-acre Irish estate this year was raffled early this year by racing man Barney Curley, was won by a syndicate of six, headed by agricultural supplier Tony Ray.

While Curley is not disclosing what he raised by the lottery, an educated guess is well over £1m, from which The Gaelic Football Association benefited by £15,000, as all participants had to make a member before they could buy a ticket.

In a depressed Irish market the mansion is now estimated to make in excess of IR£500,000 (£400,000).

A question of colour



GARDENING  
ARTHUR HELLER

NOT EVERY movement in the plant world is forward and we lose fine varieties as well as creating new ones. A reader has sent me a photocopy of a page from Shirley Hibberd's book *Familiar Garden Flowers* in which he discusses dwarf annual tropaneoliums (nasturtiums) for summer bedding.

He starts by observing that they are "extremely showy but so far coarse and weedy that they are not to be regarded as first class bedding plants" but goes on to state that "this depreciation... would hardly stand in the face of a group that has recently appeared on one of the lawns (at) the Paris Exhibition of 1878. This group contained about thirty sorts, every plant being a model of growth and beauty. The flowers comprised white, primrose, orange, scarlet, crimson and purple and a few that inclined to chocolate and slate colour."

I have asked many people, including some of the most knowledgeable breeders of annuals, if they have ever seen, or even heard, of white nasturtium and the reply is invariably no. Nor, for that matter, does anyone recall chocolate or slate coloured nasturtiums, but I do not bother so much about that since these colours would surely be unattractive. But white could be useful and so could purple if it means a good plummy colour and not a harsh magenta.

Where did these colours come from more than 100 years ago and how is it that they have not only disappeared but apparently passed out of recollection? I have no idea and no reference book or encyclopaedia I have consulted throws any light on the matter.

But if they existed in 1878—and Shirley Hibberd was a highly experienced and respected reporter of the garden scene—it would seem certain that it should be possible to recreate them now.

The same reader complains that the white flowered variety of the everlasting pea, *Lathyrus latifolius albus* (or White Pearl in some lists) has become very hard to obtain. This does appear to be so and it may be because nurserymen, misled by the synonym White Pearl, have regarded this as a garden variety needing to be increased vegetatively in order to keep it true to type, a method not suited to this species.

White flowers appear in the wild white breeds true from seed if grown in isolation from pink or rose and this is the best way to propagate this very attractive plant.

Even starting with mixed seed it should not be difficult to pick out the white flowered plants and grow them in isolation. Once the plants with coloured flowers have been eliminated all subsequent plants should give white flowers. Thompson and Morgan, of Ipswich, offer seed of White Pearl and this would give the easiest method of making a start.

While white nasturtiums and white everlasting sweet peas have been disappearing from our gardens, red nasturtiums have been approaching closer every year. Red is, in fact, a natural colour of the genus appearing both in *Delphinium cardinale*, a Californian wild plant which can grow six feet tall and has slender spikes of scarlet and yellow flowers, and *D. nudicaule*, also Californian but smaller, up to 2 ft with curling, horn-shaped orange-red flowers and semi-rubrous roots.

Though both are perennial, neither is very long lived in most British gardens and they are only grown by specialists and breeders. The latter have been interested in them for many years and before the war the great Dutch nursery firm Ruys introduced Pink Sensation, said to be the result of a cross between an ordinary garden delphinium and *D. nudicaule*.

The story I was told then was a strange one. Ruys had employed a young scientist to attempt to cross red delphinium species with garden varieties but after years of failure the quest was abandoned. The next year a clear pink flowered delphinium appeared among the seedlings and was named Pink Sensation.

It is still available and it is a pretty plant but of poor constitution and so a collector's piece rather than a useful garden plant.

Meanwhile other breeders

had taken up the search, Frank Reinelt in California, Dr R. A. Legro in Holland, Blackmore and Langdon in England. All had considerable success and produced delphiniums that were really red, not just pink. But all encountered the obstacle of poor perenniality and the also found their seedlings difficult to propagate vegetatively which was not, perhaps, so important as they thought.

Frank Reinelt abandoned delphiniums for cacti, Dr Brian Langdon concluded that breeding for red was uneconomic and only Dr Legro pressed on.

Some of his best seedlings are now growing in a polythene tunnel house in the Royal Horticultural Society's garden at Wisley. A colour photograph in the 1984 Year Book published by the Delphinium Society shows what very attractive plants they are.

There remain the twin problems of hardiness (or longevity, which is not quite the same thing) and propagation. In some respects the two are related, for if there were a certain method of rooting cuttings it would be easier to increase plants with the most promising constitution.

It seems likely that the new liquid root-promoting chemical Syngecol, which I mentioned recently, may provide the solution to this problem. If so we are another step forward on the road to reliable red delphiniums.

Far more surprising than our lack of white nasturtiums and hardy red delphiniums is the continued absence of really yellow sweet peas. Yellow is one of the commonest colours in the pea family, though in *Lathyrus odoratus*, the normally purple flowered Sicilian ancestor of the garden sweet pea.

Yet one would have thought that somewhere in that family a male could be found to bring in the missing colour. But the nearest we ever get cream.

My first horticultural employer, J. C. House, a keen grower of sweet peas and dedicated lay preacher, used to distribute sweet pea seeds to his Sunday school pupils on the promise of a prize if he produced a yellow flowered seedling.

Almost every year yellow flowers duly appeared, but all proved to be white or creams that had been made to absorb yellow dye. I still hope that the full yellow sweet pea will turn up somewhere someday.

Under the hammer now



Brick and flint cottages on the Goodwood Estate go under the hammer at Goodwood House, Chichester, West Sussex on Friday, June 15, when they are expected to fetch between £25,000 to £70,000. Brochure from Humberts, 23 High Street, Lewes, Sussex (07916 78828)

Scheduled auctions should always be checked before viewing. In case a deal has been struck before. Current listings include:

June 7: Houghton House in 12 acres in Churchill, Heythrop Hunt country in Oxfordshire, is late Georgian with five bedrooms, and has a price guide between £150,000 and £200,000. (Patrick Ramsay Knight Frank & Rutley's Knightsbridge office, 01-629 8171, and Mark Forsythe-Forsyth Lambert Way & Co, 0608 41914).

June 14: Red House Farm in 120 acres in Elstead, Godal-

ing, Surrey with a 350 sow and bacon unit, is being sold by Mr and Mrs G. F. C. Mellstrom, who keep brood Cleveland mares and are moving to the West.

The property can be bought as a whole or in nine lots and the guide price for lot 1, the 16th century farmhouse, barn and stables in 20 acres, is £190,000.

C. J. Brockhurst, Messenger May Baverstock's Guildford office, says that seven auctions of smaller blocks of agricultural land in this area, with or without dwelling houses, have met with a keen demand.

Hampshire, with its four-bedroom brick and flint house, barn, two loose boxes and workshop is expected to fetch in excess of £100,000 (Janine Watson Lane Fox & Partners, 01-499 47851).

June 11: Fox Hill in 14 acres at Inkpen, near Newbury, 7 1/2 miles from exit 14 and 13 of the M4, includes the 18th-century house and a modern cottage and is expected to fetch about £220,000. (Janine Watson, Lane Fox and Partners, 01-499 47851.)

June 14: Red House Farm in 120 acres in Elstead, Godal-

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BY STUART MARSHALL

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Confessions of a sardine lover

BY ARTHUR SANDLES

PONDER, for a moment, on the subject of sardines. In my youth I knew them only as tiny headless creatures that lived in tins...

I conjured images of a southern beauty called Isabel working away at some windswept quayside. Isabel's tins always seemed to have a few specks of sand around them...

The thing about normal, untinned sardines is that they are virtually impossible to cook at home. They are difficult to find fresh...

Sardine buff are well aware that the best place to eat sardines is under a bridge at Portimão. This sprawling fishing port on the southern coast of Portugal is hardly the most attractive spot on earth.

scene, but since then it has become something of a Mecca for the type of tourist who likes unpackaged packages...

Although there are some large hotel complexes, particularly aimed at golfers, most of the accommodation tends to be self-catering.

For all its sleepy atmosphere the Algarve is well used to tourism. Its location and terrain made it a battle ground between Moors and Portuguese for centuries.

Later, when the area was under Spanish rule, the British virtually destroyed first Sagres and then Faro. As if this was not enough...

Albufeira went through a dreadful stage when it was still trying to be a small Algarve village in spite of the visiting hordes. Now it has resigned itself to its fate and settled to a noisy, bustling tourist centre...

After Lagos to the west and Faro to the east the impact of the tourist drops off considerably...



Fisherman repairing their nets in the Algarve port of Tavira

ALGARVE FACTS

THE ALGARVE is not the cheapest destination on earth, but living costs once you are there tend to be low. A peak season package to a luxury hotel, with gold courses and beach setting...

The price would fall below £300 sometimes for the rental of an apartment for two weeks in high season. Unless you are totally dedicated to staying in one place all the time...

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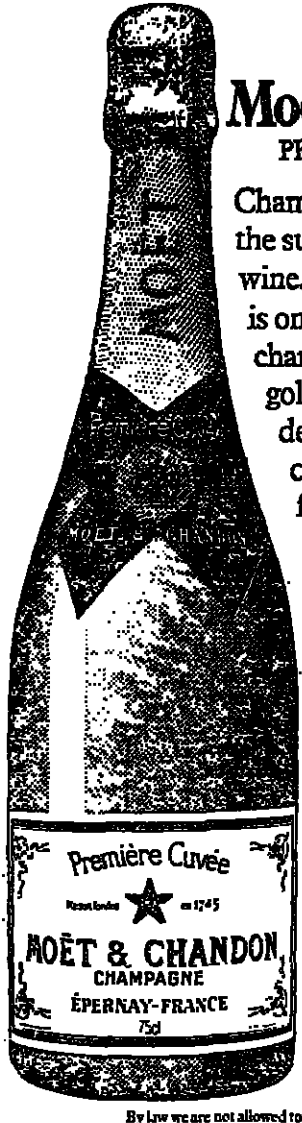


FT REPORT

# WINE

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IN A GENERALLY static UK drinks market the major growth sector is now light wine.

Once largely the preserve of the British middle and upper classes, wine is becoming, as on the Continent, a mass market drink. It can now be taken from a supermarket shelf at less than £2 a bottle—and new packaging has removed the barrier to consumption—the need for a cork-screw.

"Much of the mystique of wine has disappeared," says Mr Steve Duncan, manager of the wine division of Colman's of Norwich, one of the major independent suppliers of the three-litre boxed wines which now account for about 15 per cent of the market. "New forms of packaging have taken away some of the traditions of wine but they have also helped to widen the appeal of wine to a greater number of people."

Since 1971 the light wine market has quadrupled in size.

REPORT BY  
LISA WOOD

and it is estimated that the number of consumers has doubled. Last year table wine sales grew by 12.1 per cent, with sparkling wines including champagne, growing by 13 per cent from a much smaller base. By comparison, beer sales, which tumbled in the early 1980s, rose by a mere 0.9 per cent.

Per capita consumption of still—otherwise called table or light—wine remains at under 10 litres per head, compared with 107 litres of beer, well below that of other EEC countries. For example, the French, the heaviest wine drinkers in Europe, consume about 89 litres per head.

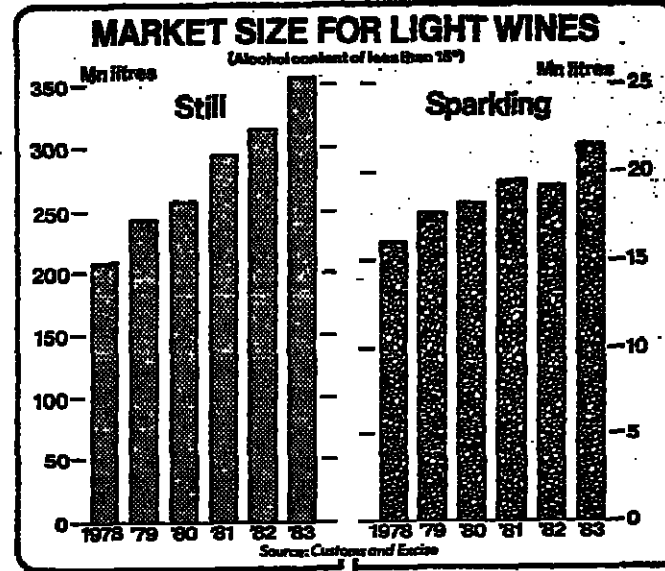
But the trend in France is a fall in per capita consumption of wine. Beer consumption, low by British and German standards, is remaining fairly stable.

France remains the major exporter of wines to the UK, but there has been a tremendous growth in exports by West German producers. Britain now takes one-third of all German exports, accounting for some 24 per cent of the table wine market compared with 10 per cent in 1969.

The majority of table wines drunk in Britain are produced in EEC countries with non-EEC producers, including Australia and California, taking only a small share.

The growth in table wine consumption in Britain, a market now valued at about £1.2bn at retail prices, has not, however, been matched in the rest of the wine sector.

The drinking of port, sherry and vermouth, classified as fortified wines of more than 15 per cent alcohol, has declined steadily for some years in line with much of the spirits industry. However, sales so far this year of fortified wines suggest that the trend may now be upwards, despite a 10p increase in duty in the last Budget.



As a result of the 18p reduction in duty, bringing the ratio of Excise duty on beer and wine down to under 3:1, analysts have revised upwards their estimates for future growth of the table wine market. Wood MacKenzie, the Edinburgh-based stockbrokers, forecast a market growth this year of up to 20 per cent, compared with its previous forecast of 10 per cent.

**UK MARKET SUPPLIERS**  
(still and all table wines %)

Supplier	1969	1979	1983
France	47	36	37.6
Spain	23	15	9.1
W. Germany	10	18	23.7
Portugal	5.0	2.0	2.6
Italy	8.0	18	16.9
Yugoslavia	3.5	6.0	5.0
Others	3.5	8.0	5.1
	100	100	100

The industry itself, however, is fairly cautious about making market forecasts, but expects present trends to continue for the next three to four years with reduced growth in the late 1980s. Some of the growth will come from new wine consumers, according to the trade, but much will also come from increased consumption by existing drinkers.

The Wine and Spirits Association points to German consumption patterns as an indication of where it sees the future market settling. Germany, regarded as a "balanced drinking" country with a fairly even spread between different types of alcohol, has average per capita consumption of wine of about 25 litres a year.

Parallel with these changing patterns in consumption have been other changes on where drinks are sold. Most wine is drunk in the home, or in restaurants and wine bars, and a great deal of the market growth has been taken up by off-licences, and in particular

those operated by the multiple supermarkets.

Major multiples such as J. Sainsbury entered the market in the early 1960s in the wake of the abolition of retail price maintenance and the 1962 Licensing Act which liberalised the selling of alcohol in off-licensed premises other than specialist off-licences.

The multiples took the major brewers, owners of the specialist off-licences and with established shipping companies, by storm. Today, supermarkets such as Sainsbury, Tesco, the Co-op and Safeways are now the major force in UK off-licence liquor sales. The "independent" chains of small supermarkets, like Wavery Line and VG have also considerably expanded their off-licences.

Supermarkets not only successfully developed "own

label" wines, often considerably cheaper than a specialist off-licence chain's own branded product but they also had direct access to the female shopper.

"We want to attract more purchases from the younger married woman who is becoming the family wine buyer," says Mr Lister Fielding, managing director of Victoria Wine, Britain's largest off-licence chain and which is undergoing a major transformation of its image.

The modern image which Victoria Wine now wants to portray is that of offering the convenience of the supermarket, with clear labelling of items, while at the same time giving added elements of service which it believes supermarkets do not offer.

Such "added value" services include discounts on cases of wine and free delivery on orders of more than £25.

Whether or not the specialist off-licence chains, which include Thresher, a Whitbread subsidiary, Peter Dominic, owned by Grand Metropolitan, and Gallen Wine, the Bass subsidiary, can successfully increase their market share of the liquor trade is yet to be seen.

The major brewers have been expanding their off-licence chains recently. Bass, for example, paid £6.8m last year for the Augustus Barnett chain of wine and spirits outlets. Whitbread paid £18m for a package of companies from the Lonrho Group which includes T. F. Ashe and Nephew, a chain of some 325 off-licences mainly in the Midlands and North.

For as Mr Alan Cheeseman of J. Sainsbury, which alone accounts for 15 per cent of wine sales, points out, times have moved on.

"In the early 1970s the major brewers passed up a great opportunity. They had the contacts and the resources to grab hold of the embryonic wine business."

Today, however, he believes that the specialist off-licences, which have about 45 per cent of the business, are fighting back. "Supermarkets have about 55 per cent of the off-licence trade. I would not be surprised if that growth in market share does not level off in the next few years."

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## German sales soar

THE GERMAN Wine Institute in Mainz proudly announced last week that Britain now imports one third of all German wines exported world wide.

During the past 12 years it is German wine producers, whose Government-approved wine classifications include "qualitätswein" and " Tafelwein" who have most dramatically increased their market share in Britain. German wine accounted for 10 per cent of sales in Britain in 1969. In 1983 the share was 33.7 per cent, according to trade estimates.

France still, however, dominates the light wine market, taking an estimated 37.6 per cent share in 1983. But, while clearances of French light wines increased by 10.6 per cent, those of German wines increased by 23.1 per cent in 1983. Italy, the third in the league table, had a less spectacular year but customs clearances were up by 8.5 per cent.

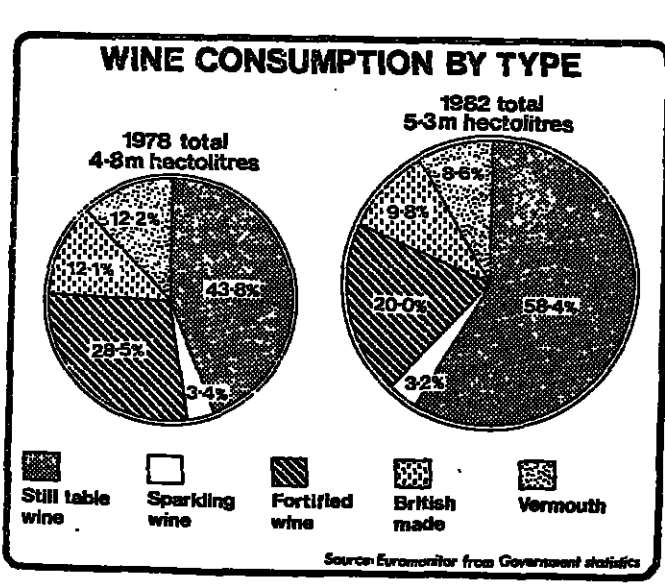
The growing importance of Germany in the "quality" wine sector, as distinct from the EEC category of "table wine" is almost entirely accounted for by sales of Liebfraumilch, which is produced in four regions of Germany.

In Britain it retails often at prices lower than table wines from other EEC countries, and sometimes even at lower prices than "Euroblends" which are mainly blended and bottled in Germany from wine not of German origin.

The sharp increase in imports of Liebfraumilch is, according to the industry, a direct result of major restructuring in recent years in German vineyards which have geared themselves to a fast turnover of wines to meet mass consumer demand.

German wines, which tend to be sweeter than French white wines, have appeared in particular to the new British wine drinkers, who, it is claimed, start on white wine and may progress to red wine as their palate for wine develops. Certainly the trend in Britain is towards white wine. It now commands 69 per cent of all light wine sales.

Of concern, however, to the Germans are the cheaper "Euroblends." A recent report from Mintel, a market research organisation, "German wine growers have expressed some concern at this phenomenon, for the Euroblends are generally of



lower quality than true German wines and as they are frequently labelled in such a way as to resemble the genuine article it is feared that the quality image of German wines, so painstakingly built over the years, could be seriously harmed."

In 1983 some 34m litres of blended wine was included in the total UK imports of more than 90m litres of German wines.

The concern of German wine producers is understandable. It was after all quantities of low grade wine shipped from Spain in the early 1970s which did much to contribute to the declining popularity of Spanish wines.

Little wine is shipped into Britain from non EEC countries, although Australian and Californian wines have aroused considerable interest, in particular the interesting carafe design of the Paul Masson brand of Californian wine.

In the UK itself the volume of wine produced is small. Besides British-made-wines, manufactured from imported grape extracts there is a small band of English natural grape wine producers. They produced about 3m litres of wine last year, about treble the harvest of the previous year.

Their development, which took off in the early 1970s, has however, aroused considerable interest and major retailers are now stocking English wines. This in itself has caused problems of continuity of supply, as

by a ratio of 4:1 in favour of beer.

However, in making the reduction and putting 2p on a pint of beer, the Chancellor increased duties on British-made wines, aligning duty rates with those on table wines.

"Light British-made-wine is unpretentious and relatively cheap, and brands consequently performed well because of their price advantage," says Mr Duncan. A bottle of Colman's Moussec British wine, for example, retailed, pre-budget, at about £1.59 compared with about £1.90 for the imported fresh grape product.

"The budget reduced this differential. The only way we could survive was to cut margins. We have reduced prices to the trade but not by as much as the cut in imported wines," Mr Duncan notes.

But while the Budget may have been a blow to British-made wine makers, it was greeted with enthusiasm by wine drinkers generally. "Consumers have waited for this day since Britain joined the Common Market 11 years ago," the Wine and Spirits Association observes.

Mr Kenneth McAlpine, secretary of the English Vineyards Association who has a 40 acre vineyard near Cambridge Wells, observes: "In the short term we do not know how much stock to lay down in order to keep supplies flowing to our major customers. If there is a poor harvest this year we will need to draw on some of last year's production."

Mr McAlpine said that English producers—some 200 are now reckoned to have commercially viable businesses—were learning how to deal with the British climate. "We are now developing our own techniques of growing and wine making," he notes. "We now know how to make a wine that the public likes, but we have yet to find out whether the industry is commercially viable."

Such is the youth of many English vineyards growers have not yet had sufficient harvests to work out whether or not the economics are satisfactory. As to whether or not the industry can grow substantially, Mr McAlpine is suitably cautious. "The industry is going through a period of stabilisation. Some producers are coming in; others going out. The site of a vineyard is crucial. In the early days this was not realised and people established vineyards in unsuitable places. Whether or not a vineyard is financially viable does, however, ultimately depend on the weather."

He previously held a similar post

Most wine producers in the Italian region of Tuscany gain their reputation with their Chiantis. But not the Count Contini Bonacossi. In the rugged district of Carmignano, this ebullient character is making wines with a little difference. The Count uses the normal Chianti grapes and methods. But when blending he adds his own trade mark. By adding an altogether different grape, Cabernet Sauvignon, the vines of which were first brought over from Bordeaux by his forebears centuries ago. The Count's trade-mark has become Carmignano's hallmark. And in 1975 the district was granted its own D.O.C. seal of quality. Try Count Contini's 'Tenuta di Capezzana' and you'll appreciate why 'Tenuta' is a delightfully dry and subtle red. Faintly minty in character, with a strong hint of blackcurrant. It's currently the Peter Dominic 'Wine Mine Club' selection. You'll find details about your Wine Club at your local shop. You'll also find 'Tenuta di Capezzana' at £3.29. At this price we'd also like to think we've added something to the Count's wine. Hopefully your interest.

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WINE

بريد الكتروني

A brandy with a difference

ARMAGNAC  
GRAHAM LYONS

RECENTLY THERE has been a noticeable increase in the interest the public is paying to the brandies of Armagnac. The greatest Armagnac of all is that of Monsieur Gerard Laberdolive, whose family has now been distilling Armagnac for over a hundred years.

Two years ago I stayed with my wife at the Hotel Les Pres et les Sources d'Eugenie where Michel Gueraud serves his famous cuisine manceuv and cuisine gourmande dishes. There was an array of Laberdolive's Armagnacs, variously marked with from three to seven gold stars and bearing vintage labels going back to 1911. The sommelier spotted my interest and told me that I was only an hour's drive from M Laberdolive's distillery. A visit was arranged.

Gerard Laberdolive turned out to be an easy going warm and affable man in his fifties. He explained how his grandfather had originally started distilling Armagnac in 1878. His father's first vintage was the famous 1893 and his own was in 1942.

We started in the timber yard, where planks of oak of different ages, neatly stacked ready for making into barrels for maturing in the sun. M Laberdolive told us that all the oak came from his own estate and pointed out how each pile had its own scent. Indeed it was remarkable how some of the piles of oak already had the scent which I associate with the bouquet of fine Armagnac. He explained that the oak he chose would depend upon the quality of the vintage and that he took great care in matching only mature scented oak to his greatest vintages.

Then he went to one of his storehouses which held Armagnac from about 1950 to 1970 in oak casks. His best

Armagnacs were in small casks of four hectos in order to give the brandy the greatest possible contact with the oak. His less mature and less great Armagnacs were kept in casks which varied in sizes up to 100 hectos. The poor vintages were sold to the co-operatives who might make an ordinare or use the brandy to bottle with fruits. He told us he declared a vintage about twice in each decade.

Older and more precious Armagnacs were either stored in small barrels or in glass casks when they were judged to have acquired sufficient contact with the oak. We were soon tasting Armagnacs of the 1930s and 40s and then some older ones from the glass flasks.

These brandies were markedly different from those we had tasted earlier. These had no harshness, they were creamy and the bouquets were refined and filled the air. Their colour was considerably darker. We were told that most of the colour was acquired in the first ten years of contact with the oak but that some oaks gave a darker colour than others.

M Laberdolive shared the view of his grandfather that bottling should be done as soon as possible (that is as soon as possible after about 30 years) as this prolonged the Armagnac's life. However, he admitted that commercial considerations often caused him to have to wait for bottling until he received orders. He believed that reworking helped to



To drink in 20 or 100 years' time!

improve old Armagnac because it meant that fresh oxygen was introduced.

However, he disapproved of using wax seals as he had found that the alcohol ate into the corks and eventually the brandy took on the slight waxy taste of the seals. Ullages barely worried him. Certainly in the case of older vintages he considered that an ullaged bottle in most cases indicated a more concentrated Armagnac.

I have combined some vintage notes from M Laberdolive with my own notes of the following eight vintages.

1976: Alcohol content 52 deg. Clear light amber colour. Fresh clean bouquet which did not improve on being warmed by hand. Points for bouquet 4. Young immature taste but beginning to show character. Well balanced with no harshness. Points for taste 4.

1964: Alcohol content 44 deg. A pale colour resembling that of a ten year old sauterne. The bouquet just beginning to give a hint of maturing. Points for bouquet 5. The taste had lost all harshness and had become creamy, very pleasant with a hint of caramel. Points for taste 7.

1946: Alcohol content 44 deg. Dark amber colour. Fine maturing bouquet. Points for bouquet

7. Wonderful smoothness and fine notes. Great finesse. Points for taste 8. The epithome of subtlety. M Laberdolive comments: "Delicate and perfumed. Well balanced and elegant. Its bouquet has had to wait until now to be so fine."

1942: Alcohol content 43 deg. Dark amber colour. Fine mature bouquet. Points for bouquet 7. Pleasant though slightly harsh taste. Points for taste 6. M Laberdolive comments: "Both round and racy. Long on the palate. A penetrating colour. Rich and well balanced with a full compact body."

1935: Alcohol content 43 deg. Full beautifully fragrant bouquet. Points for bouquet 9. Fine smooth texture. Mature fine flavour. Points for taste 8. M Laberdolive says: "A thoroughbred. Has an almost unequalled finesse of bouquet combined with a delicate symphony of heather and ripe plums."

1911: Alcohol content 40 deg. Dark brown in colour. Bouquet a little dull. Points for bouquet 6. The texture was fine and smooth but its taste a little subdued. The alcohol appears to be taking over. Points for taste 7. M Laberdolive says: "A well rounded bouquet and long on the palate, making you remember the land from which it comes and the frisky harvest of its year."

1904: Alcohol content 40 deg. Dark brown colour. Almost immediately filled the room with its huge pungent bouquet which was overwhelmingly fragrant. Points for bouquet 10. A fine smooth taste. Points for taste 8.

1878: Dark brown colour. Discreet light perfumed bouquet taking several minutes before the complete beauty of its fragrance was reached. Points for bouquet 9. A complex, concentrated brandy with an earthy spicy taste. A complete Armagnac. Points for taste 10.

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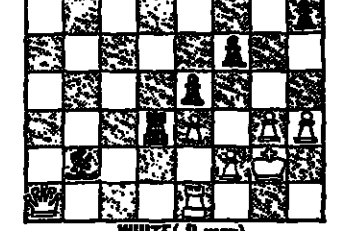
the price of congested pieces and a king stranded in the centre. He should prepare his pawn advance by 4. P-QB3. 5 B-N5, KN-K2, 6 P-P, P-P; 7 Q-K2, Q-Q3; 8 B-XN, Q-Q3; 9 N-K5, Q-Q3; 10 O-O, P-QB3; 11 P-Q3, P-B3?

Black's queen moves have already lost time but this allows a near-decisive tactical sequence. The best of a bad job is 11. P-KN3 when White builds up his attack with B-Q2 and QR-K1.

12 Q-R5 ch, P-N3; 13 NxNf7 NxN; 14 P-B5, Q-K4; 15 B-Q2, Q-Q5 ch; 16 R-B2, Q-R5; 17 R-K1 ch, K-B2; 18 Pxn ch, P-P; 19 QxQ ch, K-N2; 20 P-KN3, Q-R6; 21 N-K4, R-R4; 22 Q-Q8, Resigns.

For if R-B4; 23 R-R, Q-R; 24 B-B3 or 24 NxBP wins easily.

POSITION No. 518

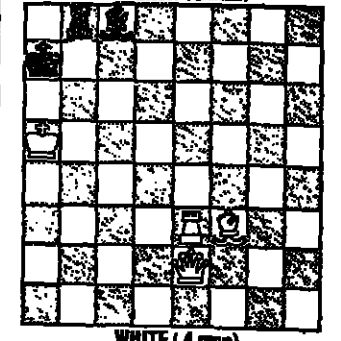


WHITE (8 mm)

P. H. Clarke v. M. Hebben, postal tournament 1978-80. A pawn advance by 4. P-QB3. (to move) saved a draw by resourceful play. How should the game go?

Mark Hebben, Britain's most consistent weekend player and former winner of the Leigh Grand Prix, turned his talents to postal chess when he won the first BPOF Open. Another open-to-all correspondence event is announced for this autumn, with £750 for the winner and a minimum ten games guaranteed for all entrants. The British Postal Chess Federation, 85 Hillyard Road, London W7, can supply more details.

PROBLEM No. 518



WHITE (4 mm)

White mates in three moves, against any defence (by G. J. Bouma) a tournament first prizewinner with some surprise variations.

Solution Page 16

Off-licence chains fight back

COCKTAIL SHAKERS and sticks, and delicate red and blue rimmed glasses are among the weaponry being deployed by one of Britain's major off-licence chains in its battle for a share of the buoyant wine market.

Last month Victoria Wine, a subsidiary of the Allied Lyons brewing and food group, announced plans both to change the image of its 800 off-licences and to bring new management techniques into a fairly traditional business. The target is the market share lost by the specialist off-licences to supermarkets in recent years.

Supermarkets, which have successfully developed "own label" light wines now command about 55 per cent of off-licence sales of wine, a market estimated to be worth about £700m. The growth of off-licences in supermarkets is illustrated by the advance of Tesco, which sells 90 per cent of its wines under its "own label". It had eight off-licences in 1967, a figure which has now grown to 347.

Major brewers, who own 6,000 of the 41,000-odd off-licences in the UK have generally been slow to fight back against supermarkets who have offered "own label" products at cheaper prices to the wine buyer of today—the female shopper.

Allied Lyons plans for Victoria Wine are just one sign that the brewers have now recognised this. They are trying new strategies to win both market share in the off-licence light wine market and to provide better quality wines in public houses. (These, too, have been losing market share to the wine bars which have been springing up, offering a wide variety of wines to an increasingly wine-conscious public.)

Victoria Wine itself—which has been making diminishing profits of late—is giving a Habitat-look to its outlets and offering services which it claims are not provided by supermarkets. These include discounts on cases of wine, free delivery on orders over £25, and a "selector system" which sorts wines into different classifications of sweetness or full-bodied nature. "We are aiming at a new sort of customer who may be afraid to ask for

assistance in choosing a wine," the company says.

Another big off-trade supplier International Distillers and Vintners, the Grand Metropolitan wine and spirits subsidiary has opened two experimental wine supermarkets in Southampton and Cambridge. Progress so far is "fair" the group says.

A second strategy has been to expand off-licence retail outlets. Whitbread, Britain's fourth largest brewer, last year paid £18m for T. F. Ashe & Nephew, a chain of some 325 off-licences mainly in the North and Midlands. Last August, Bass paid £8.5m for the Augustus Barnett chain of wine and spirits shops.

Most recently, Seagram Distillers, a major wine and spirits group, made its first venture into the British off-licence trade. In March it purchased a 75 per cent share in Oddbins UK, and in May it bought Gough Brothers, a chain of 155 off-licences mainly in London and the South East and previously owned by Scottish and Newcastle, the Edinburgh-based brewery group.

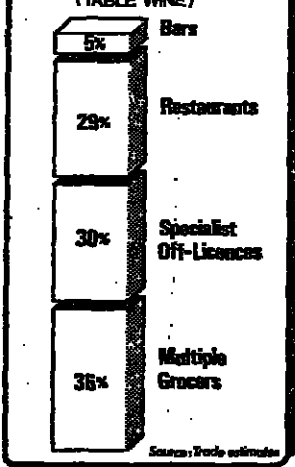
A retail base, said Seagram, part of the giant Canadian-based Seagram group, the world's largest distiller, would help both distribution of its brands and provide a platform from which to launch new products.

Within weeks of the acquisitions, Seagram launched two new branded light wines, Partager and Brolio Chianti Classico. All the brewing groups have their own brand names, either used on single wines, such as Whitbread's Crown of Crowns, or on ranges such as Hironelle (Bass). Brands, however, excluding multiples "own labels," have only a small share of the market and no single brand has more than 5 per cent.

The big brewers are anxious to build up sales of these brands but are finding the selling policies of the supermarkets a major obstacle.

Mr James Espey, managing director (homes sales) of International Distillers and Vintners, the Grand Metropolitan subsidiary observes: "People like brands, but at the moment there is great controversy in the industry over own label.

UK DISTRIBUTION 1983



"With pressure on shelf space in the supermarkets brands are taken off if they are not an immediate success. Innovation of new brands should be encouraged but it takes time for a brand to take-off. It is right for stores to have their own label products, but they also need manufacturer's brands to provide consumer choice."

Many manufacturers of branded wines, generally supported by substantial advertising, are finding it more difficult to innovate new brands, he argues. "We need the supermarket trade and we must grow together," said Mr Espey.

Multiple retailers strongly deny that own label products reduce consumer choice. J. Sainsbury, which sells about 15 per cent of all light wines in Britain, claims: "We offer 80-90 different wines under our own label. Our Vintage Selection, with wines of up to £13.95 completely dispels the image of supermarket plonk."

"We give brands the space they deserve. Over the years we have built up an experience of what sells and what does not." The lack of their own retail outlets poses problems for independent wine shippers brands who have no guaranteed retail outlet. Companies in this sector include the one hand, H. Sichel and Son, importer of Blue Nun, and on the other Colman's of Norwich, the wine

subsidiary of Reckitt and Colman and one of the largest independent wine shippers in the UK.

"The fact that brewers have major retail outlets means they can have reciprocal trading agreements with each other," says Mr Steve Duncan, manager of the company's wine division. "So, increasingly we have to rely on sectors that are free and open to us and they tend to be the independent and specialist outlets, as well as cash and carries and independent grocers. But many of the latter, such as International, are going increasingly towards own label."

However, with strong brands such as Bulls Blood and Veuve du Vernay, a sparkling wine, Reckitt and Colman can still command substantial shelf space with the major retailers. "There has to be room for brands to develop," says Mr Duncan. "They offer reassurance to the consumer and many operators with own label products want to put brands on their shelves so they can help the consumer evaluate their 'own label' products."

Colman's does supply its wines as own label products. "Own label" production gives us added buying strength in the market place," said Mr Duncan. The company, for example, with Stowells of Chelsea, the Whitbread subsidiary, supplies about 70 per cent of the growing market for three litre wine boxes, or as Colman's prefers to call them, casks. However, the two companies only supply about 37 per cent of their total production as own branded products. The rest is supplied as own label.

"This development has helped us to have more efficient production runs and gain competitive advantages because of the added purchasing power," Mr Duncan says. "Packaging, too, had helped to widen the light wine market to a greater number of consumers, although the traditional glass bottle with a cork still commanded more than 80 per cent of the market, he claims.

There is room for all of us, he says. The trouble with the wine market however is that anybody can go and purchase shipments of wine. That market is totally free."

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BOOKS

# Foot takes a view

BY MALCOLM RUTHERFORD

**Another Heart & Other Pulses** by Michael Foot. Collins, £8.95, 220 pages

**The British General Election of 1983** by David Butler and Dennis Kavanagh. Macmillan, £26.00, 388 pages

Michael Foot takes his title *Another Heart and Other Pulses* from a relatively obscure sonnet by Keats, the next words of which are: "Hear ye not the hum of mighty workings?" The answer to that question is no but certainly the isle is full of noises: is and was.

The British general election of 1983, which Mr Foot writes about from the standpoint of Labour Party leader at the time, has been frequently dismissed as boring because a Conservative victory was never in doubt from the moment that it was called. The only excitement was the battle for second place between Labour and the Alliance and even that developed only in the last few days of the campaign and concerned the percentage share of the vote rather than the number of seats won.

Yet it might have been different. In March 1982 the Alliance passed another milestone when Roy Jenkins won the by-election in Glasgow Hillhead. One week later Argentina invaded the Falklands. Thereafter the Tories never really looked back. Given the file of the Falklands' recovery and the existence of two oppositions they were bound to win. The only question was how quickly to go to the country.

Elections, however, even general elections, are only a snapshot of opinion at the time. They can conceal, as well as reveal, trends, which is one argument in favour of the introduction of fixed-term parliaments. The British system gives too much power to the party in office by allowing it (within the terms of the five-year act) to name the day.

There have been three main trends in British politics in the past 25 years or so. The first is the decline in the aggregate share of the vote by the two main parties. The second is that Labour's share has declined much more sharply than that of the Tories. The third is the increase in the vote for a third party.

The 1983 results reinforced all of them. The Tories lead over Labour in terms of the aggregate share of the vote grew dramatically and the third party vote went up again.

The results also produced some distortions. The Tory share of the vote fell from 43.9 per cent in 1979 to 42.4 per cent, but the number of Tory MPs rose from 339 to 387 while for the first time since 1885 there was no Tory representation at Westminster from either Liverpool or Glasgow.

The Labour vote per candidate was lower than in any previous general election. Overall it polled 37.6 per cent and won 32.2 per cent of the seats—not utterly disproportionate. London apart, only three of its victories were in the south of England: Thurrock, Bristol South and Ipswich. The Alliance polled 26.1 per cent but won only 23 seats—3.5 per cent of the total. It would take a real conservative with a small "c" to defend such an electoral system. The system is not attacked by Mr Foot.

His book has many merits, not



Michael Foot: electoral post-mortem

the least of which is that it is beautifully written. There are some surprising insights: for example, a personal preference for Margaret Thatcher rather than Ted Heath and great generosity towards Denis Healey, the deputy leader. Some nice anecdotes, too: at a meeting in Liverpool a note was found to photographers: "Express only want pix if Foot falls over or collapses or is shot. etc. Same for the Sun."

What entranced Mr Foot was the turn-out at those meetings. At Norwich the hall was packed out even at 3 pm on Cup Final day. There seemed to be a discrepancy between the rallies of the faithful and the findings of the opinion polls. As a romantic he loved it. He idealises the rank and file and the trades unions. Yet he was too much of a realist not to see that he was well beaten before the end.

A final verdict, which Foot endorses, came from Healey: "The election was not lost in the three weeks of the campaign but in the three years which preceded it. In that period Labour managed to lose about 20 percentage points in the opinion polls. In that period the Party itself acquired a highly unfavourable public image, based on disunity, extremism, crankiness and general unfitness to govern."

It would be wrong to blame all that on the leader. Mr Foot records that he had considered resignation before the campaign and he also notes his struggles to prevent the Parliamentary Party going one way and the National Executive the other. That would have been the real, irreparable split, and probably no one else could have done as much to stop it. The task now, he concludes, is to get the two executive arms—the NEC and the PLP—to act as one.

The oddity is that he does not seem to consider the possibility that it may be too late. The fact is that Labour has been in decline in terms of its share of the vote not just for the past three years but for most of the past three decades, and it now has the Alliance to contend with as well as the Tories. The explanation must lie at least partly in social change and the Party's inability to adapt to it.

Not even David Butler and Dennis Kavanagh take this sufficiently into account. Their Nuffield study of the 1983 election is the twelfth in a series that goes back to 1945 and has become almost an institution: too much so, perhaps.

There are some interesting details: for instance, 1983 was the first post-war election to produce more Conservative Jewish MPs than Labour. All the statistics are there, but there is also something missing.

The way in which the entire political ground has moved since 1979 is glossed over. The abolition of exchange controls merits only a footnote. The abolition of other controls is not mentioned. Hence the book understates how far Labour was getting out of touch with the intellectual climate, and also why David Owen felt it necessary to move the Social Democrats to the economic right.

As social and economic—and therefore political—history, it falls short. It is more true as it is claimed in the introduction, that elections have replaced the dates of kings as historical landmarks. What is more telling is what happens in between. If there is to be a thirteenth in the series, the formula needs to be re-thought.

## Poet and Mum

**The Writings of Anna Wickham: Free Woman and Poet**

edited and introduced by R. D. Smith. Virago Press, £8.50, 404 pages

Anna Wickham was in every way a remarkable woman, whose powerful personality, truculent and tender, passionate and obsessive, permeates every one of these pages. She was born Edith Alice Mary Harper in Wimbledon in 1884. When she was six, her parents moved to Australia, settling in Queensland, and there she spent her formative years (she took her pen-name, Wickham, from a street in Brisbane).

In 1904 she returned to England and later spent some time studying singing in Paris: she had a fine voice and could doubtless have made a successful career as an opera singer. Instead, she turned more and more to writing poetry (she had begun writing at the age of six and produced more than 1,400 poems in her lifetime), to the pleasures and frustrations of marriage to a London lawyer and astronomer, Patrick Hepburn and, true genetics, to an engagement with motherhood.

Her own family background was decidedly mixed: her father, Geoffrey Harper, came from a long line of Shropshire tenant farmers who had risen in the world; her mother, Alice Whelan, had mixed Irish and Italian blood and an imperious temperament. This quarrelling ancestry clearly provided the motive power for many of the poems. But she also memorialised their clashing gifts and her own upward upbringing in a fragment of autobiography called "Prelude to a Spring Clean" in which she turns shrewd, sardonic eye on the perennial English comedy of class distinctions. It is brilliantly done and all too short: a mere five chapters and one long for more.

Why is Anna Wickham's work not better known? This is indeed something of a mystery. It is true that, for all its profuse outpouring, her poetry runs within a comparatively narrow limits, and most of it is in a now unfashionable Georgian mould; but the voice is always unmistakably her own, the lyrical impulse true and original. Many of her poems are a fierce defence of woman's right to freedom; and in this she was well in advance of her time.

It was time for a reassessment, and R. D. Smith has edited this admirable collection with a deep knowledge of the period. He has also provided a long and perceptive introduction, in which he retraces each phase of Anna Wickham's career until her death in 1947.

ERIK DE MAIJNY



Ivy Compton-Burnett (left) and Margaret Jourdain, c.1942

# Ivy flourishing strongly

BY ANTHONY CURTIS

**Secrets of a Woman's Heart: The Later Life of I. Compton-Burnett, 1920-1969**

by Hilary Spurling. Hodder & Stoughton, £14.95, 336 pages

Ten years ago, in *Ivy When Young: The Early Life of I. Compton-Burnett*, Hilary Spurling detonated a literary bombshell. Through a combination of assiduous research among living witnesses, and elegant biographical narrative, she proved that the Compton-Burnett novels of family life which we had taken as the products of most ingenious fancy had their basis in fact. All the main cards in Ivy's pack of Unhappy Families turned out to be marked, and the games were a re-play of the traumas of Ivy's own childhood.

Ivy came from one of those large 19th century families of the pre-FRA era whose head had re-married after the death of his first wife, providing Ivy with a mass of siblings and step-siblings, all jostling for power and affection within the household. Suicides, bereavements, governesses, boarding-schools, tyrannical parents, all the ills in which her characters are heir to, were mirrored in her own girlhood.

To be sure, Ivy did not come from the kind of country house background she gave her characters. Her father was a doctor and she was brought up in places like Pinner and Hove; but even so all the ingredients of intricate warfare within a shut-off family hierarchy were present.

After such an illuminating first volume, what does the biographer have up her sleeve for the second and final volume, *Secrets of a Woman's Heart*, which appears punctually for the centenary of Ivy's birth next Tuesday? In spite of the title (a quote from Ivy herself) the answer must be: nothing nearly as revelatory as in the first volume. The great secret of Ivy's heart, about which she

made absolutely no secret in with articles devoted to her fact, was her deep attachment to her brother Noel, a fellow of King's College, Cambridge, who was killed in World War One. The gap between the publication of her first terrible untypical novel *Dolores* (1911), and *Pastors and Masters* (1924), which inaugurated the long line of novels in dialogue with the word, Ivy was — in the subtle distinction of one of her friends — homeophil rather than homeoerotic.

I once went to see her for tea after the death of Margaret in her Kensington flat. I found her utterly charming and unformidable. I don't think she would have cared twopence if I had looked around and said: "What a pretty lounge!" Ivy got me to do the talking, although I was meant to be interviewing her, and I have rarely met with such a palpable force of attention. I found myself talking about the extraordinary life of George Glasg which seemed to strike her as a revelation. Now that I have read Mrs Spurling's excellent volumes I think I begin to understand why.

Ivy Compton-Burnett's novels are published in hardback by Gollancz and are in print from £8.95 to £8.95. Allison & Busby have published the paperback edition of the first volume of Hilary Spurling's autobiography, *Ivy When Young* at £3.95. They have also brought out paperback editions of several of the novels: *Brothers and Sisters*, *Men and Wives*, *Elders and Betters*, *More Women Than Men*, all at £2.95, and *Pastors and Masters* at £1.95.

Penguin Books published *A Family and A Fortune*, *Parents and Children*, all at £2.95; *The Present and the Past* is £2.60 and *A God and His Gifts*, £1.95. The Oxford University Press has a paperback edition of *Manservant and Maidervant* with an introduction by Penelope Lively at £2.95.

## All eyes on Australia

BY MARTIN SEYMOUR-SMITH

**Harland's Half Acre** by David Malouf. Chatto & Windus, Hogarth Press, £8.95, 230 pages

**The Glad Eye** by Stan Barstow, Michael Joseph, £8.95, 182 pages

**The Princes of Q** by Virginia Moriconi. Duckworth, £8.95, 223 pages

**Time in a Red Coat** by George Mackay Brown. Hogarth Press, £8.95, 249 pages

**The Laughing Man** by Mark Daniels. Michael Joseph, £8.95, 280 pages

David Malouf, a poet at heart, decided (I think) that the complex Australian heritage, with its hurt debt to Europe, was not just Patrick White's exclusive property: Malouf stayed in Australia. His first novel was a memorable story of two Brisbane men; his successful *An Imaginary Life* (1978) was the best of all the many books centred on the poet Ovid in exile: a subtle portrait of the poet Malouf—and those like him—in his exile.

*Harland's Half Acre*, boldly told of a life dedicated to the recapture of a land found and lost: Frank Harland's ancestors discovered Australia, but it slipped from them. He rediscovers it, but it is not what he imagined it would be. Counterpointed with Harland's story, beginning before the First World War, is that of a very different kind of man. All the Australian myths—exile, search, return—are treated in this rich and poetic novel, which bids fair to equal the too little known masterpieces of Leonard Mann, the early Stead, even White. It will not be possible to ignore it. Stan Barstow is an efficient popular storyteller. He has honesty of observation, and seldom manipulates his characters

in order to please his wide audience. What he lacks in style and psychological subtlety he goes some way to make up by directness and affirmation.

In his new collection, *The Glad Eye*, nine stories, one of which is an excellent novella, we see him at his best. He carries the reader along as he



David Malouf: myths of exile

means to; by making him (or her) want to know what is going to happen. But he does not ask us to sacrifice intelligence or credulity, and his warm Yorkshire bluntness is appealing and refreshing—just as the best of Priestley's is. In the opening of the title story he surpasses himself. It is all done with heart, and is rewarding.

Virginia Moriconi, who has written several novels and collections of stories, is an American who has lived in Italy and France. Those who read her most recent novel, *Black Anna*,

a courageous study of a vital woman who does not satisfy the theoretical requirements of militant feminism, will not have forgotten *Li. The Princess of Q*. It is set in the nineteenth century in the countryside around Venice, but is written in a style some reminiscent of earlier novelists such as Laocis (the second part consists solely of letters) and even Stendhal. Some of this reads too near pastiche, and it is not on the level of *Black Anna*. But it is intelligent Gothic, and makes a comforting read.

George Mackay Brown has become almost as great an attraction as the Orkneys of his birth and poems and stories; if he has a weakness then it is that his readers must by now wonder whether he would be able to write about anything else. Still, he is certainly a remarkable regional writer. *Time in a Red Coat* is a ponderous allegory about war—but it is only ponderous in a 'Scandinavian' manner. It has an unmistakably epic quality, and is written with great confidence; it reminds me of two Nobel Prize-winners from Scandinavia—Lagerkvist and Laxness. I don't think it is at its level, but it makes me feel guilty because I find it somewhat prolix, as I find their works, which simultaneously fill me with dutiful awe. There is no doubt that it is a serious and deeply felt novel—Brown's first for 11 years—and that it will be widely welcomed.

*The Laughing Man* follows on *Conviction*. Mark Daniels' much enjoyed first thriller, which with its knowledge of crooks and crookery was recommended by a critic as "bedtime reading for the Home Secretary." This one, set in the not too far distant future, goes a little over the top: the balance is tilted too much towards the fantastic. But it is very clearly written, and contains a memorable sketch of a nihilist criminal.

# Son of H.G.

BY RIVERS SCOTT

**H.G. Wells. Aspects of a Life** by Anthony West. Hutchinson, £12.95, 405 pages

When Rebecca West used to say, towards the end of her life, that she was sick of people talking to her about H.G. Wells, she presumably knew, and dreaded, what would follow once she was dead.

First, the British publication of her son Anthony West's autobiographical novel *Heritage*, supplemented by a withering, some would say scandalous, introductory diatribe against his mother; and secondly this biography of his father H.G. Wells, begun, he says as long ago as 1948 and featuring further attacks on his mother as a "fabulist"—planting fabricated evidence that would discredit the future biographers with her version of events concerning H.G. and herself.

Of a passage occurring in the last few pages of the book (and involving an overworked comparison with Dorothy Richardson) he remarks: "Some readers may feel inclined to dismiss this caution as no more than an invitation to take sides in an ugly family row." They can hardly do otherwise. Compared to Mr West's mother, Hamlet's mother got off lightly from her son.

Nor can Mr West resist putting his father to rights, though much more might be said on this one. He is, almost equally inclined, when under painful emotional stress, to take refuge from the facts in written or spoken fancy. It seems to have bred a sort of literal-minded know-all. Constantly the author interrupts H.G.'s own testimonies with: "The story is plausible enough, but I'm far from sure that it is the story"; or "I know that I am disregarding the account of this matter given by my father in

his autobiography..."; or "I do not believe that he had any such clear-cut picture."

Yet so audacious, tenacious, life-enhancing and charm-counting (when he wanted to be) was H.G. Wells, so exceptional were his women, and so important for its time his message, that no life of him could be dull, and Mr West adds information that sets the record straight on several issues and will of course, in so far as it concerns Rebecca West, have to be taken account of, or refuted by, her biographers.

There are especially sympathetic portraits of Wells's second wife Jane, of the (to Wells, at least) absolutely irresistible Moura Budberg, and of his other mistress Odette Kean, who features hilariously in a "fabulist"—planting fabricated evidence that would discredit the future biographers with her version of events concerning H.G. and herself.

The relationship between Wells and Glasg is fully and absorbingly explored. She is shown up as a meretricious hussy whom Wells came to loathe. Though the curious structure of this book makes for some long accounts and repetitions, the accounts of Wells's works are well integrated with the narrative, always a difficult feat.

Whether or not one admires this brooding book, will depend on what one thinks of its approach, and whether one feels that the child of Rebecca West and Wells is capable of any clear vision of his parents at all, even at the age of 69.

"I just don't understand you," he records that H.G. said to him, in a moment of clarity, not long before his death. Perhaps the lack of understanding was mutual, perhaps not. Either way, the remark makes a sad validation.

# Red roots

BY PHILIP WINDSOR

**1917: The Russian Revolutions and the Origins of Present-Day Communism** by Leonard Schapiro. Maurice Temple-Smith, £12.95, 236 pages

Leonard Schapiro's last book ended with a paragraph of personal meditation. As a young boy of nine he had witnessed the cataclysmic events in Petrograd in 1917, and his family did not leave until three years later. He had endured a freezing cold, near-starvation and continuous accounts of brutality and terror. But his impressions of the time, influenced by the adults around him, were those of enthusiasm, excitement and a vast hope for the future. As an eminent historian of the subsequent terrible vicissitudes through which the Soviet Union passed, he returned at the end of his life to a study of the events of the Russian Revolutions in 1917 and of the way in which a small and unpopular conspiratorial elite was able to impose its will with catastrophic consequences.

This is the theme of the book, and it immediately places its author as a well-learned tradition of historical thought. In opposition, for instance, to such courageous and outspoken historians as Roy Medvedev in the Soviet Union or to a number of closet Leninists in Western historiography, Leonard Schapiro was among those who argued that the origins of the catastrophe lay not in Stalin's betrayal of Lenin but in the Leninist inheritance itself.

From the early days of pre-revolutionary organisation (when the Bolshevik established the more powerful structures which still dominate the CPSU today) through to the Civil War, when the principle of self-determination for all nationalities originally established by Lenin rapidly gave way to what was already by then a tradition of Communist insistence on centralised control, the Bolshevik Revolution was continuously squeezed in a vice of Lenin's own making. It was this which enabled Stalin to take control and within a very few years of Lenin's death to grind for millions upon millions of human lives.

An historical argument of that nature and of such proportions is clearly controversial. There are so many successive stages when things might have gone differently, from the way in which the emancipation of the serfs was carried out, to the

failure of Stolypin's reforms before the First World War, to the dedicated obstinacy of the Tsar and Tsarina, to Kerensky's own lapses of nerve and judgment when the Bolsheviks were openly challenging for power. Even the Petrograd-Soviet itself, rapidly identified by Lenin as the base from which to stage the overthrow of the Provisional Government, was by no means an automatically obedient instrument for him or for his Bolsheviks. All such developments have been subject to detailed historical scrutiny and debate. 1917 shows an immense mastery of the arguments and a formidable ability to organise them within a narrative structure.

Here, as always, Leonard Schapiro wore his erudition lightly, and seldom vexed the reader (or publisher?) with footnotes. But there is no hesitation in the book about indicating where the judgments are controversial or why the conclusions were reached. It is extraordinarily compact, rich and honest. As he wrote objectively in a subject of political passions means, so far as I am concerned, that scrupulous regard is paid to the accuracy of the facts set down, and to the presentation of opposing points of view."

Such an approach means that at one level his book is almost passively dispassionate. The terrible suddenness of the first Russian Revolution, gathering its forces in dark historical winds for so many years, stands out starkly in the narrative. But the patient analysis and the ruthless stringency by which Lenin seized power, and the self-hypnotising indecisiveness by which the Provisional Government lost it, are detailed in a manner which is dedicatedly dry.

Yet it is a moving book. Towards the end of his life, the historian of the Communist Party of the Soviet Union wrote a affectionate and illuminating biography of Turgenyev—a man for whose gentle and generous nobility he clearly showed an affinity. It was then the biographer of Turgenyev who turned back to the history of 1917. There is a stolid reflection which underlies the work of the Provisional Provisional Party, and which enables him to gain fresh insight—particularly into the mystery of Lenin's own last, crippled and peculiarly reflective months.

# D-Day salvo

The fortieth anniversary of Howard

D-Day has been greeted by a fierce bombardment of books. Apart from Max Hastings' *Overlord*, discussed on another page, the American military historian Carlo D'Este's *Decision in Normandy* appears in paperback from Pan at £2.95. In *Normandy: The Campaign*, a fresh detail. Meanwhile, the spotlight is turned on one thrilling episode in the campaign by Stephen E. Ambrose in *Pegasus Bridge: 6 June 1944* (Allen and Unwin £8.95, 198 pages). The glider raid and capture of a vital bridge by 160

From the other side Genevieve Dubosc, who was 12 on D-Day, describes vividly in *My Longest Night* (Secker and Warburg £8.50, 222 pages) what it felt like to be growing up in the midst of the battle with an American paratrooper and his mates turning up on your doorstep.

A brisk and well illustrated overview of the fighting on both sides is given by Charles Whiting in his glossy paperback, *'44: In Combat on the Western Front from Normandy to the Ardennes* (Century, £7.95, 192

## BOOKS OF THE MONTH

Announcements below are prepaid advertisements. If you require entry in the forthcoming pages, application should be made to the Advertisement Department, Bracken House, 10 Cannon Street, EC4A 3DF. Telephone 01-249 8000, Ext. 7064. Order and payment for books should be sent to the publishers and not to the Financial Times.

**World Cars 1984**  
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1,000 latest motor cars from 35 countries: exciting technical innovations: full specifications and performance data: 68 superb special studies in full colour: global car makers and industry trends: 1,100 photos, 440 pages, 9 1/2 x 11 in, handsomely printed and bound. £22.50  
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London SW1P 4LY

**Stress in Industry: Causes, effects and prevention**  
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**Occupational Safety and Health Series: No 51**  
What is "stress"? What changes take place in the body? Can it be cured or prevented? This monograph attempts to answer these and other related questions in non-technical language. ISBN 92-2-103839-6 £2.85  
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A synthesis of case studies shedding light on technology's impact on employment and its adaptation to local conditions. Industries covered include computers, electronics, food/drink, metal products, motors and synthetic fibres. ISBN 92-2-103780-8 £5.00  
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**Employment of disabled persons: Manual on selective placement**  
This manual suggests ways and means of creating job opportunities for disabled persons, and gives details of selective placement. Includes a glossary of terms. ISBN 92-2-103780-8 £5.00  
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**Poverty and population: Approaches and evidence**  
by G. Foster  
Examines changing levels of fertility, mortality and migration and their effects on poverty, as well as the impact on demographic change. Evidence is reviewed from national and international sources. ISBN 92-2-103832-2 £7.85  
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**Safety and health practices of multinational enterprises**  
Investigates standards prevailing in 8 multinational enterprises in 7 countries: Federal Republic of Germany, Netherlands, Nigeria, Mexico, Switzerland, U.K., U.S.A. through depth interviews and on-site inspections at 12 subsidiaries. ISBN 92-2-103742-8 £5.00  
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Reveals dilemmas women face in income-generating activities, i.e. food processing in Ghana and Senegal; access to land in Senegal; and ivory coast, marketing in Nigeria and South Africa. ISBN 92-2-103832-2 £7.70  
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# HOW TO SPEND IT

طرحات السفر

by Lucia van der Post

All eyes will be on Los Angeles this summer when, from late July to mid-August, the 23rd Olympics will be held there. Here Loyd Grossman offers an idiosyncratic guide to this 'amusing, surprising and infuriating city'

# GREETINGS FROM L.A.

## First things

LA (not just a cosmopolitan affection: no one calls it Los Angeles) isn't a conventionally nice place, but it can be stimulating and a lot of fun. Preposterous and formless (Dorothy Parker was more astute than most town planners when she called it "72 suburbs in search of a city"), LA is more like movies or television than what we think of as real life.

So the first thing the visitor must do is suspend his disbelief — otherwise you'll find yourself saying over and over again "I just can't believe this is happening." Abandon all your preconceptions about cities (indeed about civilisation) and just lie back (or as they would say "get laid back") and enjoy it.

After you've heard people at dinner parties earnestly discussing colonic irrigation, alley sweepers (a form of sawed-off shotgun useful for repelling intruders), megadosing vitamin B, nouvelle chicken salad recipes and other burning aspects of metropolitan life, it's hard to take the place seriously.

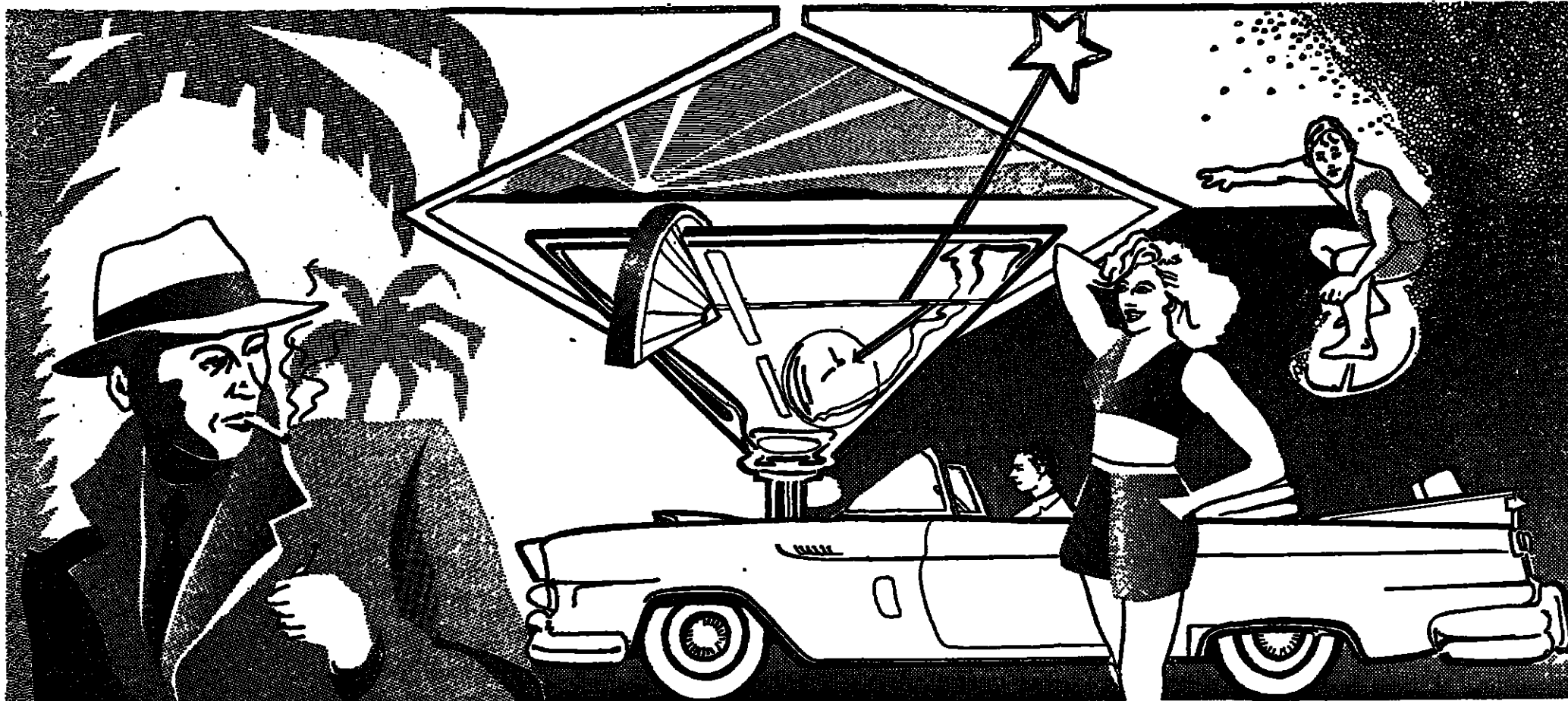
But whatever you do, and however horrified you may be by this lunatic life around you, do not close your eyes or think of England. Greater LA is populated by perhaps 250,000 expat Britons — film stars, pop stars, celebrities, hustlers — so you can go to a pub or watch a cricket match but don't bother. Remember: all these Brits live in LA because it is the place on earth most unlike the UK. Leave Michael Caine and Rod Stewart to their frowns. It is possible to lead a pastiche European lifestyle in LA, but that should be for residents only who can't get the real thing.

For those of us who merely pass through Bedlam — on — Pacific the best thing to do is to sample and enjoy the things which are unique to this amusing, surprising and infuriating city.

## The shape of the city

Los Angeles is huge (about 464 square miles) and to the traveller arriving by air usually invisible beneath a perma-cloud of smog. It is, like most western American cities, laid out on a sprawling grid plan with most roads running at right angles to each other. The intra-city freeway (motorway system) is a complete nightmare during rush hours (LA rush hours are rather later than London ones) but fairly easy to understand. Equipped with a fairly large scale map of LA you should be able rapidly to acquaint yourself with the local layout. In practice, it's slightly more difficult as to the novice there are few apparent landmarks. Because LA grew rapidly — it was virtually non-existent in 1900 — much of it looks the same.

Fortunately there are few areas in the sprawl that you'll really want to go to. In many ways it's more important to know where to avoid. After one quick visit to satisfy your curiosity you'll probably want to stay out of Hollywood (sleazy and depressing) and you'll certainly not want even one trip into East LA (full of disadvantaged psychopaths) or the San Fernando Valley (always referred to with a sneer as "the Valley") — inhabited by robotic overprivileged suburbanites.



Duncan Larr

## Getting around

A car is essential. There is no public transport to speak of in LA and cabbage around involves lots of time spent waiting after you've telephoned for one, as few cabs are to be seen cruising the streets.

All the major car rental companies have offices at chaotic LAX (Los Angeles International Airport) and rates aren't that bad (from \$287 a week with unlimited mileage but the major car rental companies report that they are virtually booked up from mid-July to mid-August so you'd better start making what friends you can). If you can't rent a huge air-conditioned Lincoln or Cadillac, the best car is a convertible—the benign climate means top-down motoring is almost always possible.

People with slightly less conventional tastes can rent a fairly "funky" (a word with both ethnic and unreliability connotations) car from numerous local companies like the jocularly named Rent a Wreck—their rates are a bit cheaper than the bigger firms.

## Staying

There are no cheap hotels in LA. Or perhaps I should say there are no respectable cheap hotels in LA so unless you have a deep interest in hooker/driver/loser subcultures you are going to have to stay in one of the high class hostels. The most famous and glamorous hotels, full of film star associations, are the Beverly Wilshire and (even more so) the Beverly Hills Hotel. The Chateau Marmont is far less

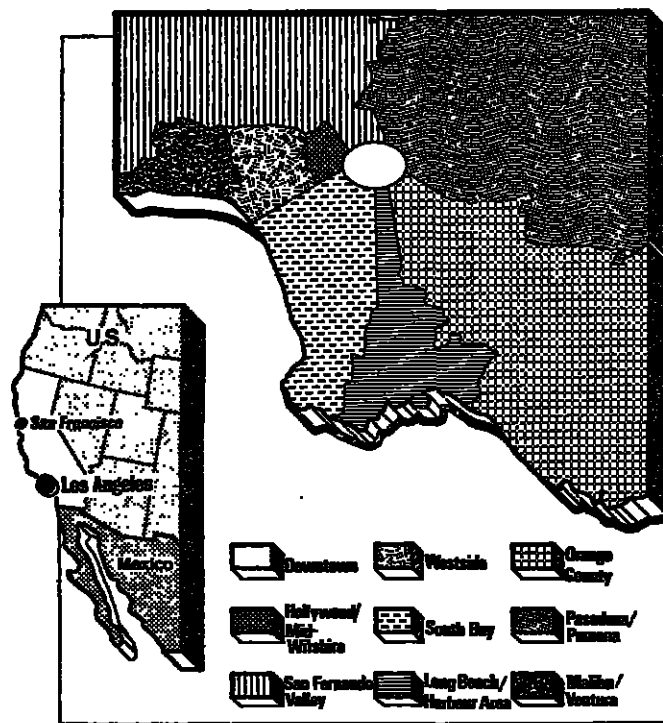
glamorous but rather more artsy. The Los Angeles Hilton is big, slick and well located if rather characterless. The Westin Bonaventure is huge (1,500 rooms) modern and efficient.

Avoid picturesque places friends may have told you about — like the Tropicana — unless you are an aspiring screenwriter. It isn't worth staying outside of LA because that will involve you in even more hours of driving every day. Hotel booking is particularly difficult this summer because even in their reduced form the Olympics is putting tremendous pressure on accommodation in the city.

## Eating

You will hear and read more pretentious rubbish about food in LA than almost anywhere else. The gastronomic debate has lived up considerably with the recent introduction of California cuisine: a nouvelle-inspired farrago utilising local and Pacific Ocean produce like abalone, mahi-mahi (dolphin fish) and tuna. Much cooking these days is done with something called "mesquite"—a desert wood used as fuel for grilling which imparts quite a pleasant flavour.

The most talked-about restaurateur in LA is the fashionable Austrian Wolfgang Puck. His first restaurant Spago (an inventive high class pizza joint—pizza with duck sausage?) is ultrahip and almost impossible to get into unless you book far in advance; his second restaurant Chinois seems headed the same way. The fairly new Bistango also purveys chic pizzas and Cali-



fornia food, but is reasonably cheap and so getting increasingly crowded. Rock stars and rich trendies are fond of Trump's which has a particularly large and relaxing bar. Beverly Hills' wide boys like The Ginger Man and Tony Roma's (famous for rather indifferent spare ribs). The highest rollers are to be found at L'Ermitage, Oscars or Ma Maison, all mega expensive bastions of haute show business. Morton's attracts a goodly number of the hip and celebrated, but the new Langan's (due to open in July) will probably be the hottest restaurant in

town this summer. All these attempts at fine cooking on an international level may be suitable for the natives, but the visitor is better advised to eat at some of the more arcane, ethnic restaurants in the area. So one meal at Spago or Ma Maison then off for a real adventure. One of the great joys of eating in LA is the tremendous number of sushi (Japanese raw fish) restaurants—the best are probably Hiro Sushi (in Santa Monica just a quick drive from central LA), Imperial Gardens and the fashionable Sushi on Sunset. A local invention, Cali-

fornia rolls (raw crab and avocado) has even started appearing in Tokyo sushi bar menus.

LA media people are "just crazy" about Thai food and the best Thai places are probably Chaopraya, and Jitlada.

It is vital to go to at least a few Mexican restaurants. Many of the Mexican restaurants in LA are quite Americanised, but you certainly won't get anything even remotely as good or interesting in any Mexican restaurant in Europe. Gloomy, old fashioned Lucy's El Adobe was a famous trysting place for Governor Jerry Brown and pop singer Linda Ronstadt. The amusing El Cholo is one of the oldest Mexican restaurants in LA and chain restaurants like El Turrito are a jolly and cheapish way to get fuelled up on (very) spicy food and even more fiery tequila-based cocktails. Mexican food connoisseurs are particularly keen on the Gardens of Taxco.

Devotees of the ultimate American food will enjoy themselves at Hamburger Hamlet. Just a short drive up the coast you can eat excellent fish at Gladstone's 4 Fish in Pacific Palisades.

## Shopping

The most famous shopping street in America, currently trying to hype itself as the most famous shopping street in the world, is Rodeo Drive—a pleasant strollable enclave in the heart of Beverly Hills. It is worth visiting but hardly worth buying anything in this commercial epicentre of haute vulgarity.

If you want something to tell the folks back home about go

into Bijan the legendary overpriced men's shop where you can buy the ultimate in Beverly Hills memorabilia—a gold (real) and black designer handgun for \$10,000. Bijan and a number of other smart shops are in the Rodeo Centre a small plutocratic shopping mall with a few comfortable restaurants. The biggest flashiest shopping centre must be the huge Beverly Hills Centre which houses a good collection of up-market American chain stores.

Much of what is for sale in the more expensive LA emporia is either European and available in a wider range on this side of the world or far too American (remember in clothing terms much American stuff is tight and lurid) for us. But LA is a good place to buy classic American casual wear and good summer clothes. Camp Beverly Hills (perhaps most celebrated for its fine sweat-shirts) has been rather superseded by Banana Republic, a fun place to go if you want to be kitted out to look like a Nicaraguan contra—they have excellent stylish tropical shirts, shorts and accessories.

Carroll and Co had a good range of "preppy" clothing for both men and women. The legendary Abercrombie & Fitch has a fine range of up-market sporting goods, but seekers of a good buy should be able to buy from a huge range of bargain tennis rackets or running shoes (many won't be on the English market) at discount sporting goods shops like Herman's.

People who wear spectacles ought to take advantage of the cheap (from as little as \$30 a pair) and quick (one day)

service available from numerous cut price opticians around town. Men's shoes are relatively cheap in America and classic American loafers and boat shoes are about half of what they cost in the UK.

Be careful when buying clothes—even in the most expensive shops it is surprisingly hard to avoid synthetic materials so read all labels extra carefully. The big department stores like Neiman-Marcus, Robinsons and Saks Fifth Avenue have a huge array of consumables but you'll be able to find better versions of most of their stock at home.

Don't expect to buy tremendous sophisticated clothes in Los Angeles—look instead for the good buys in rugged sporty gear, sports equipment and straight preppy clothing. The one natural fibre item that men will find in abundance in California (and which are difficult to buy in UK) will be casual summer cotton trousers known as "chinos."

## Culture

LA is not terribly well known for culture with a capital "C." If you want to see the fruits of all those bucks that are upsetting world art markets you will have to drive to Malibu to visit the astonishing J. Paul Getty Museum. But remember to call or write in advance to book admission. The Norton Simon Museums in Pasadena is also eminently worth visiting for its fine Old Master collection. The more central, Los Angeles County Museum of Art is less impressive but has interesting changing exhibitions.

When the weather is fine (which it almost always is) there are few things better than a concert at the Hollywood Bowl. But the movies are the real culture of LA. Be sure to take in a film at Mann's (formerly Grauman's) Chinese Theatre. There are a lot of cinemas concentrated in Westwood (just off the UCLA campus) which is incidentally one of the few neighbourhoods where you can walk around rather than drive. It also offers the best selection of LA's few bookshops.

## On the weekends

If you have time a trip to the beach is essential, preferably one of the great surfing beaches—like Huntington, Malibu or Manhattan. All are within easy driving distance (although on particularly hot days the free ways will be jammed) and a visit to them is the best way to experience West Coast seaside culture. Anyone with an interest in the more aberrant aspects of American popular culture should walk along the seafront at Venice beach where there is a non-stop show of buskers, weight lifters, roller skaters and con artists. An ideal way to spend a few idle hours on a summer's day. The slightly more adventurous will probably want to take the ferry from Long Beach to the coastal island of Santa Catalina where non-human wildlife like buffaloes can be spotted.

## Above all

Remember that you are in an unconventional city. You can insulate yourself between hotel—business meetings—and French restaurants and experience the sort of upmarket life you might find in any other major city, but to get the most out of LA go to the beach, be brave enough to get a taco and don't forget to put the top of your car down.

## Arthur Sandles on ways and means of getting there

THERE is still time to buy both packages and tickets for the Olympic Games from British agents. The British Olympics Association will refer you to the official agency, American Travel, Imperial Life House, 399-400 High Road, Wembley, HA5 6UF, Middlesex. While it has packages its selection of tickets is running thin—swimming, gymnastics and the track and field finals have proved particularly popular. If possible, telephone Ameri-

cana with your requests (01) 903 6841. Prices are between \$15 and \$60 per ticket and the exchange rate varies daily.

Sportsworld, 88-92 Earl's Court Road, London W8 6EH has some packages left. A July 25 departure costs £999 and includes a room (double occupancy) at the Holiday Inn Laguna Hill, transfers and tickets to three events. Later

departures cost £1,465. Normal air fares range from \$469 for an Advance Purchase (APEX) ticket which has to be bought 21 days in advance. A similar ticket with weekend flights costs £508. The standby fare is \$460. A Superclub ticket with British Airways is £1,504 and first class £2,226. All are return fares. Flights to LA during the Olympics are

heavily booked. Alternative routes via the southern states with British Caledonian and Delta may be less booked.

In theory there are no event tickets available in Los Angeles itself at the moment, but this is about to change as unsold tickets flow back to the city for local sale. Call the official ticket hotline at (213) 741 6789 for the latest availability and place of purchase.

Some agencies, such as Mar-ray's Tickets and Union Ticket Agency in Los Angeles have tickets but in these cases be prepared to pay the market rate.

If you fly to Los Angeles on spec then the latest list of accommodation available can be obtained from the Greater Los Angeles Visitor and Convention Bureau Olympic Co-ordinating Centre

(213) 239 0315 or you can write to Box 71608, Los Angeles, California CA90071, USA. If you are travelling in a camper call (800) 822 CAMP (in California only) for site reservations.

The official Olympics Airline is Frontier. If you suddenly decide to go west while in the U.S. then it is worth giving them a call for hotels and tickets (800) 521-5301. An 800 number means there is no charge to the caller.



PIPE DREAMS is the name of a relatively new bathroom showroom at 103 Regent's Park Road, London NW1 6UR. Owned and started by David Jones whose dream it is not just to offer a wide range of baths, showers, jacuzzis and accessories but also a first-class design and installation service.

In the showroom prospective customers may see not just charming soap-dishes and coolly elegant taps but roll-top cast-iron baths, working jacuzzis, showers in full flush and a wide range of different showerheads. There is a range of Victorian bathroom ware by B. C. Sanitan, complete shower cubicles and a whole range of small and not too expensive accessories for those who just want to enliven the bathroom they already have.

In slightly jolty mood are these wall lights shaped in the form of taps. Made in Holland they come in black or white ceramic and cost £22.50 each. For those who can't make it to the shop they can be posted for £2.50 extra (including insurance) for one or for an extra £4 for two.

JOSS GRAHAM seems to have developed an enviable way of

## POSTSCRIPT

more parts of the Middle East and the East, collecting as he goes a colourful and varied selection of textiles.

Readers who have come to know his gallery at 10 Eccleston Street, London SW1, have learned that there they can usually find colourful and exotic pieces that can either be used to bring a room to life or can be bought to fill in a gap in a carefully planned collection.

Joss Graham's latest wanderings have taken him through Deccan in South India and the results of his journeyings can be seen and bought at the gallery from June 6 to June 30.

He has concentrated this time on tribal embroidery gathered from the Banjara, an ancient tribe of Indian "gypsies," who may still be seen along the roadside in the Deccan, on their way to a fair or a wedding, riding in their richly carved carts drawn by bullocks.

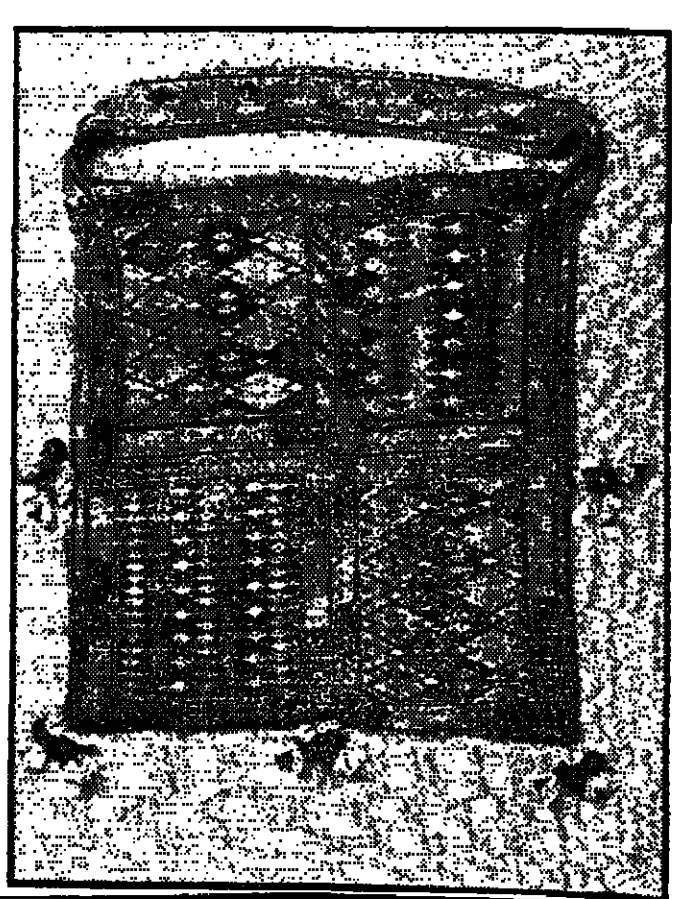
The Banjara are acknowledged experts in the whole field of needlework and have embroidered almost all the necessities of their travelling

life—the surface of bags, belts, clothing and other articles are completely covered with embroidery which is not only highly decorative but makes them stronger and sturdier for daily use. Coarse cotton is the basis of the pieces and though all the women have a shared vocabulary of design and a shared grammar of stitches, the different personalities of the embroiderers is easily visible.

Besides the utilitarian articles there are also elaborate skirts, blouses and shawls, all of which were designed and made to be worn and were often passed down as heirlooms from mother to daughter. Few of such clothing is being made today so many of the pieces Joss Graham is offering for sale are irreplaceable, certainly all are unique.

There are some 250 different embroidered articles on display and for sale and they date from as far back as 100 years. Prices range from £5 to £200 but the vast majority of them will be under £50. Photographed here right is an embroidered shoulderbag with cowrie shells.

The gallery is open from 2 p.m. to 6 p.m. on Mondays, from 10 a.m. to 6 p.m. on Tuesdays to Fridays and from 10 a.m. to 1 p.m. on Saturdays.





THE ARTS

Voice of the People

The Voice of the Listener held its second public meeting at the Festival Hall on Wednesday. They are a non-profit-making society to support the quality of sound and the spoken word in radio broadcasting.

RADIO

B. A. YOUNG

from the BBC's. Of the real total radio audience, 13 per cent listen to Radio 4, 2 per cent to Radio 3, 18 per cent to Radio 2 and 32 per cent to Radio 1. But if the society could make its recommendations clearer, and its membership stronger, it might turn out to be a useful body, though there will always be the risk that its ageing and elitist character would result in its demands being no more than a reflection of minority tastes.

I must say I felt at one with the dissentients when a questioner asked why the standard of humour on Radio 4 should



Judy Campbell, Sheila Burnetta and Patrick Rycart.

Of no Importance

BY MICHAEL COVENEY

There is a musical at the Ambassadors Theatre in London called The Importance. It opened on Thursday night and should, if there were any justice in this world, have closed by this morning. It is coarse, incompetent, joyless, smirking and, not to mince words, dreadful. It is also based on Oscar Wilde's The Importance of Being Earnest which, you will recall, is an amusing play.

almost overpowering, with a chorus of footmen and maids barging in to bolster the tiny tunes and shuffle the furniture. The tea-time argument of Cecily and Gwendolen is cheapened by an extraneous ballet of eye-boggling irrelevance, while Jack and Algernon agree on changing their names with a touch of knee-wobbling followed by primitive tang.

Piano pleasures

Biggest first the Melodia-Eurodisc box of Balakirev, with Yevgeny Svetlanov conducting "his" USSR Academic State Symphony in both of the symphonies, Tamara, Russia and the Overture on three Russian Themes. If we must wait longer for a proper exploration of Balakirev's piano pieces and songs, this orchestral feast is good to go on with.

RECORDS

DAVID MURRAY

fiercely sensitive personality can be felt. The marvellous First Symphony comes up quite fresh, and Tamara—insidious and violent by turns, that temptingly and then Franco-Russian poems from Rimsky to Ravel—revels in modern sound for the first time. Three records, no. 300 045-440.

Complex Kipling

BY MARTIN HOYLE

The faintly prissy figure, its meticulous ordinariness depicted with military precision, warns us in clipped, school-marmish tones that the solo performance at the Mermaid Theatre, Puddle Dock, will be drawn from his books alone.



Alec McCowen

Graham, an incomplete adult, forever seeking lost youthful years of imagined perfection. The paradox of a poet popularly identified here with the spirit of Empire while highly rated in the Soviet Union for his sympathy for the common man remains. Neither his imperialism nor his racism was as simplistic as we would like to think.

F.T. CROSSWORD PUZZLE NO. 5431

Crossword puzzle grid with numbered squares and a list of clues for both Across and Down directions.

LONDON

6.25 am TV-am Breakfast Television. 9.25 LWT Information. 9.30 Sesame Street. 10.30 No 73. 12.15 pm World of Sport: 12.20 Basketball - The NBA Finals: 12.45 News, followed by Australian Pools Check; 12.55 World Championship Boxing - The WBA Lightweight Championship; 1.20 The ITV Six from Newmarket and Thirsk (introduced by John Oaksey and Derek Thompson); 2.55 Motor Racing: The Indianapolis 500; 3.30 World Championship Boxing - WBA Light-Weightweight Championship; 3.50 News Round-up; 4.00 Wrestling: 4.45 Results.

BORDER

9.25 am Once Upon a Time-man. 9.30 The Smurfs. 10.08 The Adventures of Gulliver. 11.30 pm The Fugitive. CENTRAL 9.25 am London Calling. 11.30 pm Superstars of Music: Boomtown Rats Live at the Hammersmith Odeon. CHANNEL 9.25 am Thunderbirds. 10.20 Pullin' the Pinocchio. 12.14 pm Channel Islands Weather Summary. 5.05 pm Pullin' the Pinocchio. 5.08 pm Whiz Kids. 11.30 pm Music Special (Charley Pride). GRAMSPAN 9.25 am Noddy. 9.45 The Smurfs. 10.10 pm Unicorn Tales. 11.30 pm The Devil's Connection. 12.30 am Reflections. GRANADA 9.25 am Eastern Tales. 9.40 Little Rascals. 10.05 Matt and Jenny on the Wildside. 11.30 pm The Late Late Film. Helmut Berger in 'Order to Kill'.

BBC RADIO 3

8.00 am News. 9.05 Aube (S). 9.00 News. 9.06 Record Review (S). 10.15 Stereo Release (S). 11.05 BBC Symphony Orchestra in Germany, part 1 (S). 12.05 pm Interval Reading. 12.40 Part 2. 1.00 News. 1.05 Edward Mac Dowell (S). 2.00 Dreamers of Dreams (S). 4.00 Haydn and Dvorak (S). 5.00 Interval Requests (S). 5.45 Critics' Forum. 6.35 Cesar Franck (S). 7.20 Schubert and Brahms Songs (S). 8.09 BBC Welsh Symphony Orchestra, part 1: Mozart, William Mathias (S). (8.55 Interval Reading). 9.00 Part 2: Beethoven's 5th and 9th Symphonies (S). 10.30 Vagn Holmboe (S). 11.15-11.18 News. Medium Wave - 10.40 am-8.00 pm Cricket: The Second Test Trophy One-Day International at Trent Bridge between England and West Indies, including 12.00 Lunchtime News, 12.55 First Test Match (England vs West Indies Trent Bridge 1983), 1.15 Latest County Scores. BBC RADIO 4 7.00 am News. 7.10 Today's Paper. 7.15 On Your Farm. 7.45 In Perspective. 7.50 News. 8.10 Today's Paper. 8.15 Sport on 4. 8.48 Breakfast. 9.50 News Stand. 10.05 Talking Politics. 10.30 News. 11.00 The World from Our Own Correspondent. 12.00 News: Money Box. 12.27 pm I'm Sorry I Haven't a Clue (S). 12.56 Weather. 1.00 News. 1.10 Any Questions? from Carlisle. 1.55 Shipping Forecast. 2.00 City. 2.15 News. 2.30 News. 2.35 Medicine News. 3.05 Wildlife. 4.00 Groundswell. 4.00 News: International News. 4.20 News. 4.30 News. 4.30 50 Years Ago. 4.50 Shipping Forecast. 5.55 Weather. 6.00 News: Sports Round-up. 6.25 The Magic of Music (S). 7.05 Stop the Siren with Robert Robinson (S). 7.45 Baker's Dozen with Richard Baker (S). 8.30 Saturday Night-Theatre (S). 8.58 Weather. 10.00 News. 10.15 Evening Service (S). 11.15 Smith in the Sun. 11.30 In the Ear (S). 12.00 News. BBC RADIO LONDON 7.42 am Good Fishing. 8.04 London Weather. 8.20 The Boat Show. 9.25 London. 9.30 Corridors of Power: Lobby. 10.02 All That Jazz. 11.30 News. 11.35 Saturday Show. 12.02 pm Breakfast. 1.30 The Great Escape. 2.00 pm Guideline. 3.30 pm News. 4.00 pm The Front Page. 5.00 pm News. 6.00 pm Good Fishing. 6.00 pm Jazz in June: The first of five concerts from this year's Camden Jazz Festival. 11.00-11.00 am Radio 2. CAPITAL RADIO 7.00 am The Breakfast Show (Dave Tait and Alan Freeman). 12.00 The Kenny Rogers Show. 1.00 pm News. 1.00 pm News. 1.00 pm News. 1.00 pm News. 1.00 pm News. LONDON BROADCASTING 7.00 am AM with Peter Deeley. 10.00 pm News. 10.00 pm News. 10.00 pm News. 10.00 pm News. 10.00 pm News. CAPITAL RADIO 7.00 am The Breakfast Show (Dave Tait and Alan Freeman). 12.00 The Kenny Rogers Show. 1.00 pm News. 1.00 pm News. 1.00 pm News. 1.00 pm News. 1.00 pm News. CHESS SOLUTIONS Solutions to Position No. 518 1...P-B5! (threat PxN weakening White's king); 2 NXP, N-N3; 3 B-N5, N-R5 ch; 4 K-N3, N-B4 ch; 5 K-N2, N-R5 ch; drawn by perpetual check. If White tries 2 KXP, N-N3; 3 B-N5, N-R5 ch; 4 FXN, QX3 ch; 5 K-V1, N-R6 ch draws. Solution to Problem No. 518 1 R-K3 (threat 2 Q-K3 ch), R-N6; 2 Q-R6 ch. BxQ; 3 R-R8.

CHANNEL 4

1.30 pm Manganese. 12.00 pm Burmah starring Errol Flynn. 4.35 Buffalo Bill. 5.05 Brookside. 6.00 Ear Say. 7.00 News Summary followed by Seven Days. 7.30 News World. 8.00 Cervantes. 9.00 The Avengers. 10.00 Bacchante. 11.05 Who Dares Wins... A. 12.05 am "The Undying Monster" starring James Ellison with Heather Angel. 54C WALES 1.30 pm Eisteddfod Genedlaethol Yr Uwch. Yr Wydderw A'r Cych. 4.30 pm Future Film: "Five Graves to Cairo". 6.10 The Sixties. 7.05 Where in the World? 7.35 Newsday. 7.45 Entertainment. 8.45 Antler. 9.15 Survival. 10.15 It Takes a Worried Man... 11.05 Feature Film: "White Heat". REGIONS IBA Regions as London except at the following times: ANGLIA 11.30 pm The Country Music Awards Show, featuring Kenny Rogers, Dolly Parton and Julio Iglesias. 12.40 am At the End of the Day.

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FINANCIAL TIMES

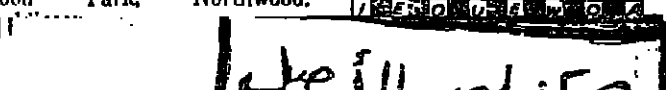
Advertisement for the International Art Fair: The Gallery of the Galleries. Published in London & Frankfurt. Includes contact information for various international art galleries and publishers.

REGIONS

IBA Regions as London except at the following times: ANGLIA 11.30 pm The Country Music Awards Show, featuring Kenny Rogers, Dolly Parton and Julio Iglesias. 12.40 am At the End of the Day.

SOLUTION AND WINNERS OF PUZZLE NO. 5436

Mrs P. Atkinson, Hawthorn Cottage, Ashover, Chesterfield, Derbyshire. Dr Andrew Jackson, Stepping Stones, Kinsbourne Green, Harpenden, Herts. Mr T. J. Sheridan, 36 Ravenswood Park, Northwood.









# FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 4BY  
Telegrams: Finantime, London PS4. Telex: 8954871  
Telephone: 01-248 8000

Saturday June 2 1984

## Inefficient markets

MEMBERS of the securities industry like, in their more pompous moments, to talk about "efficient market theory." This theory states very simply that everything known about anything is already discounted in the current prices of securities. It follows, therefore, that it is impossible for the individual investor or investment manager to beat the market unless he has inside information, or very good luck.

This is obviously a favourite doctrine with portfolio managers, since it suggests that they cannot be blamed for failing to do the impossible. The further implication of the theory—that it is a sheer waste of resources to pay good money for portfolio management—is somehow not so widely proclaimed.

However, the theory also clearly suggests something about the behaviour of markets as a whole; for if prices discount existing information, they can only move in response to new information. This in turn means that the kind of near-panic we were watching earlier this week must be inspired by some correspondingly bad news.

This is obviously nonsense. Nearly all the "news" which has emerged during the bear market—apart from the worsening situation in Iran—was simply a confirmation of what was already known, and presumably already discounted. The U.S. deficit is proving hard to finance. The oil we are burning in our power stations to keep Mr Scargill at bay has to be paid for, which shows up both in public sector borrowing and in the current account. So what's new?

**The trick**  
Investors might well get more reliable guidance and certainly more practical help—by considering a rival theory of inefficient markets. John Maynard Keynes once compared share-picking to entering one of those pick-the-beauty contests which were a regular feature of the popular Sunday papers in pre-bingo days. You had to pick six girls out of a dozen. The trick, Keynes pointed out, was not to judge their looks but to guess how everyone else would judge them.

It is much the same when it comes to guessing movements in the market as a whole. The trick is not to judge whether the news is good or bad, but to judge whether the market's mood is good or bad. This, after all, is what chartists, with their trend lines, support levels and breakouts are supposed to be able to judge; and chartists have never been so influential as they are today.

There are some good reasons for this apparent retreat into black magic. Perhaps the

strongest is the behaviour of portfolio managers themselves. They tend to rush hither and yon like a flock of sheep, watching each other's behaviour rather than the news, because no humane investment committee will blame a manager for going with the flock.

**Growing speed**  
A second reason is the growing speed of transactions. Dealers in futures in particular have no time to study anything more than the charts. Both in London and Chicago, they wear lapel badges saying "The trend is your friend." That simply means "watch the charts."

Third, the economists cannot escape a share of the blame, even while they scoff at the primitive beliefs of the chartists. Their own performance in recent turbulent years has been unimpressive, to put it charitably.

All this explains why we have such a manic-depressive market, why in the same dining rooms where you could hear the FT index being talked up to 1,200 at the beginning of April it was being talked down to 600 by the end of May. Much the same sort of thing was going on, though at different dates, on Wall Street.

But how does the outsider, who has no access to these moody dining rooms, judge the market's psychology? There is no room here for a comprehensive treatise, but at least one or two tests can be suggested, in examining the explanations which dealers give for the day's events. These are bear market examples, but the reader can readily reverse the signs.

First, watch for the all-news-is-bad-news syndrome. Thus, if the coal strike goes on, the recovery will stop; but if it is settled, the Government has lost its nerve. Or if the oil war goes on, prices will rise and we will have inflation; but if peace is restored, oil prices will fall, sterling will collapse, and we will have inflation again.

Second, watch for jumping-at-one's-own-shadow. Thus, I am gloomy, so I am keeping money in the bank rather than buying gilts; therefore the money supply will shoot up, and make me gloomier.

Third, there is the false conclusion from true facts. Thus, the debtor nations are beginning to assert themselves, which means trouble for the banks (true); therefore interest rates will rise (absolute nonsense—financial fright and a reluctance to lend except to the highest quality borrowers brings rates down, not up, as we saw only two years ago).

Finally, buy when you hear some sense again. Nothing can make a pretty sight of the City in a blue funk; but with understanding, it need not be an expensive spectacle.

WITH national examinations looming amid teachers' strikes there could be safer people to ask about Sir Keith Joseph's record as Education Secretary than a Labour stalwart heading a comprehensive school in the still depressed North. Bill Goddard's fierce first reaction suggested why his 650 pupils nickname him the Aystollah.

"I hate Joseph's politics," snapped the head of Sheffield's Thornbridge School. "I dislike his manner. Indeed, I despise his whole style."

"That said, though, he has got people in education thinking like nobody's done before. We're asking ourselves where we are, where we ought to be going, how to get there and what we should do when we arrive. Letting the pay dispute happen is a stupid shame. It's disrupting schools just when most teachers have never been keener to respond to calls for change."

Never before, too, in the field of education has a single Minister called for so many changes in a shorter time. During Sir Keith's 31 months as Secretary for Education and Science—his seventh government office in a 30-year political career—his department has averaged an important review or proposal for reform about every 10 weeks. While some of the schemes originated with his predecessors, he cannot be denied credit for ushering them into public view.

His onslaught is the more remarkable because the Education Secretary has traditionally been largely powerless to effect educational change. Although the 44 UK universities are dependent on block grants of funds through the Treasury, they are cushioned against political direction by a 65-year-old quango, the University Grants Commit-

**A need to involve academic minds in practical matters**  
tee. In England and Wales supervisory power over other aspects of state education belongs not to central government but to 104 separate local authorities; Scotland and Northern Ireland are laws unto themselves.

The power Sir Keith inherited entitled him to do little more on his own initiative than order the removal of air-raid shelters from school playgrounds. But he has managed to extend his hold in ways which, although modest, are significant in terms of the second line investment which can now be exerted on schools, further education colleges and polytechnics.

Whereas the spending of all Treasury money for them was formerly controlled by individual local authorities, for instance, the Education Secretary can hold back 0.5 per cent—roughly £52m this year—to fund projects he thinks desirable. Extra leverage is at hand through his association with the Manpower Services Commission headed by his close friend David

## REFORMING BRITISH EDUCATION

# A 'heretic' at the helm

By Michael Dixon, Education Correspondent



Sir Keith Joseph: a "passionate" desire to raise standards for children of all types and levels of ability

Young. By next year the MSC will be directly financing experiments with technical and other work-related courses in about half the local authority areas. Plans to increase the commission's financial power over sub-degree courses in colleges, however, are being resisted by the local government associations.

Sir Keith is nevertheless short of having sufficient power to require the education complex to pursue, let alone achieve, his ambitious aims for change.

The various approaches have the same broad object. It is to re-define the content of its courses and abilities of its staff match the needs of young people soon to live and work in a western democracy increasingly dependent on advanced technologies.

One proposal is to extend both what is taught and what is recognised as achievement well beyond the academic curriculum associated with grammar schooling, which still dominates the activities of the largely comprehensive secondary schools. The extension is intended to develop the more practical aptitudes and interests of children whose intelligences run in directions other than the theoretical. But Sir Keith wants the willing scholars also to study the skills of designing, producing and marketing goods.

"It is heresy to involve academic minds in practical matters, I'm an unrepentant heretic," he says. "Unlike universities which believe the nation cannot have enough of its children pursuing specialised scholarship, I feel it is possible to have too many. Sixteen continuous years of narrowing study might conceivably sap the practical and, perhaps still more, the entrepreneurial talents of some young people."

While seeking to add different paths to the curriculum, he

seems equally keen to develop the academic studies which, he intends, will go on constituting the large part of schoolwork for all children at least until the age of 16.

"It's desirable that the minority of pupils with a science bent should continue with literate subjects longer than most do now, as well as that the majority preferring arts should become numerate and scientifically and technologically aware. That should be helped by the proposed supplementary exams to be set alongside the Advanced levels for sixth-

formers, and I have another idea to the same end at too early a stage to talk about. "Besides becoming broader, our scholarly courses would be the better for still higher academic standards, especially in intellectual rigour. I have set up a searching study of the standards of degree courses in the polytechnics, and the universities are to conduct a corresponding review on their own behalf."

"I am passionate to raise the standards of children of all types and levels of ability. It is my firm belief that by the age of 16 some 90 per cent of pupils both should and can reach the standards now expected of only half, and do so in all the basic subjects. We need also to improve the rigour even of primary schooling so young children in general gain a better grasp of the Three Rs, a dawning appreciation of what

characterises sound reasoning, awareness that there exist certain standards of work and behaviour, and more discipline in getting down to meeting them."

But plans, no matter how ambitious and laudable, are still just plans. Previous Education Secretaries going back over decades have had plans aplenty. Hardly anything has come of them. Aside from the admittedly unprecedented verbal enthusiasm among educators for changes, who today is actually making them?

Sir Keith looks somewhat

each subject area are laying down certain levels of knowledge and capability—where appropriate, in oral and practical, as well as written tests—as near-absolute benchmarks for the grading of candidates. Sir Keith will approve the change in principle within a few weeks, but is not saying whether he will also substitute a single 16-plus examination for the present separate exams for Ordinary levels and the less academically esteemed Certificate of Secondary Education.

Further changes are intended three or four years later to establish ladders of graded progress, of the kind used to rate proficiency in playing musical instruments, to assess children's attainments more sensitively still.

However, the steps being taken represent no more than a faltering start towards the radical reforms Sir Keith has outlined so boldly. Take, for example, his rigorous aims for primary schools.

A typical response from the actual chalkface was supplied by Paul Upton, head of Avishay primary school in Somerset: "I couldn't agree more that there's a need for every improvement he suggests. I feel sure they are all attainable in schools where there's at least a framework of tradition and experience of educating young children to something worth calling rigorous standards of work and discipline. The trouble is that a good many heads and teachers in primary schools today have gone straight into classrooms from training colleges where it didn't exist either."

"How are they going to get any experience of what rigour of that kind means with the squeeze on their local authority's budget for in-service training, not to mention everything else educational? Joseph seems to think his improve-

ments can be made without more money, but some can't—especially staff development. "Like most schools now, for instance, we have a micro-computer. Considering the little training my staff have been given and the limits of the software available, we're not doing badly. It could, of course, be employed much more productively if we had a good teacher with the computer skills to exploit it. Recruiting one is virtually impossible against competition from business firms when all you can offer is the standard teachers' pay scales."

On that practical point like so many others, however, Sir Keith offers only his hope. In this case it is that unions and authorities will soon reach agreement after years of negotiations on modernising teachers' pay and conditions of service. But his approval of any agreement will depend on its including not just flexibility in the rewards that can be offered to attract skills in short supply, but provisions to rid education of heads and teachers who are incompetent. For him to bless an agreement with an excess influx of taxpayers' money, it will have to be demonstrably watertight.

Short of that, he insists, even the 1984 pay increase of 4.5 per cent already offered and rejected can be afforded only by further cuts in teaching staff. So the pay dispute seems doomed to fester on, weakening teachers' morale which Mr Upton and Mr Goddard in Sheffield are both convinced can go no lower without dragging down prospects of any really productive change.

It's more than the damned pay deadlock, says Mr Goddard. "Joseph's whole attitude has tended to strike teachers as belittling them. You'd think he could have seen

that we needed to be given his vote of confidence in some things at least, but all he has done is be hypercritical of what we do. That boils down to the opposite of motivating people to take on new challenges."

Sir Keith, on the other hand, appears to believe he has said and done everything he can at the moment. "Even a dictator could not enforce rapid change in an education service like ours," he says. It causes him no qualms to think that the initiatives he has taken at the age of 66 might not result in his desired up-to-date service until well after he is dead.

There Mr Goddard again fiercely disagrees. "I don't say it can happen under this style of government," he says. "But if education hasn't changed to meet the new needs of society within very few years from now, then schools and so on as you know them will probably have lost their last chance of being accepted as adequate for the times."

Even a dictator could not enforce rapid change'

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Chester Barrie at Austin Reed of Regent Street

**AUSTIN REED**  
of Regent Street

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**Chester Barrie at Austin Reed of Regent Street**

*Chester Barrie*

## Trying to cut air fares

From Mr F. Law

Sir—It is refreshing to hear Mr Nicholas Ridley, the Secretary of State for Transport, call so eloquently and enthusiastically for air fare cuts. We, the public, must support him in every way we can.

The insistence by state airlines generally to retain the status quo, thus preserving what amounts to a monopoly situation, is very strong indeed. In negotiations at European Community level, one is opposed at every attempt one makes to open up air fare competition. The Commission's proposals are not going nearly far enough, and one hopes the Secretary of State will help the consumer through-out the European Community.

F. S. Law  
(Member of the Economic and Social Committee Brussels),  
61, Cadogan Square, SW1.

## The future of Thamesmead

From Mr D. Evernett MP

Sir—Your article on the future of Thamesmead (May 29) was both interesting and informative. It also inadvertently incorporated the main reasons behind the abolition of Greater London Council, and the need to remove this unnecessary tier of local government.

The development of the Thamesmead project was an exciting and ambitious one, but after nearly 17 years of activity, and vast expenditure, the project is nowhere near completed. There are few facilities in Thamesmead today, no town centre, few shops, no swimming pool and few social activities for the residents. It is also an unbalanced development with a heavy public sector housing dominance, and as the article stated only some 6,500 dwellings have so far been constructed at the cost of some £100m.

## Letters to the Editor

greatest failure of the authority must be in the very area of strategic planning that GLC supporters so regularly cite and praise. Such basic facilities as a town centre and shopping precinct should have been top of the list of priorities as they are crucial to the success of any new development. They should not be an afterthought.

Surely a new body to take over and complete the Thamesmead project could not be worse, and would probably be more efficient and effective.

David A. Evrmet  
House of Commons, SW1.

## Done-down dons

From Mrs V. Korah

Sir—A further reason why university dons still feel done-down (May 24) may be that you seem not to have compared like with like. Few scientists without at least an upper second class degree would become dons.

Most scientists would have worked for a PhD for 3 years on a student grant or very low salary. They would expect to do better than the average for the private sector of those with only a BSc of any class.

As you explain, the higher income obtained by dons is partly due to seeking and undertaking additional freelance work. Often this means working evenings, weekends and holidays. Liability for negligence may be incurred. It would be interesting to have statistics tabulated for basic salary, additional earnings, and normal hours of work for the two categories, broken down for the class obtained in the first degree.

## Letters to the Editor

one with less than £20,000 to invest) becomes unable to deal in the shares of second line companies as a result, he will abandon the stock market in favour of unit trusts, building societies and the like; the change will of course also seriously affect the affairs of unit trusts and investment companies who specialise in the second line investment which can now be undertaken.

Furthermore, many unlisted companies, with great potential growth would be prohibited from applying for listing if a market were not guaranteed, and the raising of new money for the expansion of industry would be seriously affected.

Presumably none of these problems were foreseen when the Restrictive Practices Court interfered and caused the present upheaval.

S. W. Fenwill  
Room 5, 23,  
76 Shoe Lane, ECA.

## Taxing profits makes no sense

From Mr E. Wood

Sir—Mr John Woodthorpe (May 29) is almost right when he says that taxing profits never did make much sense. The only justification is that the tax bears on those who can afford to pay. But a tax on profits is a tax on efficiency and a high rate of tax encourages unnecessary expenditure simply to save tax.

He's also right in condemning a tax on turnover. This would bear more heavily on companies with a high rate of purchases. The answer is to base company tax on added value. This should not be confused with VAT which is not borne by VAT registered businesses. A low rate of tax on added value, say 5 per cent, would raise a large revenue and would bear equally on all businesses. It would be cheap to collect through the VAT system.

## Letters to the Editor

tax. Of course, it would mean an end to all subsidies, grants and handouts beloved by those who benefit from them, including those who administer them.

The strongest argument I have heard against this idea is that multinational companies could no longer benefit by shifting their profits abroad. Their vested interests should not be allowed to stop Mr Lawson from implementing a company tax system that would be equitable, simple and cheap to operate and a big revenue raiser.

## Ruining south Oxfordshire

From Mr P. Minton

Sir—In "Finance and the Family" on May 26, one of your enquirers recounts an all too familiar tale of a planning permission given without any apparent regard for others who might be affected by your legal staff so rightly reply to the question "What now?"—nothing can be done to overturn an approval given.

This letter does, however, highlight the inequity of the planning system for an applicant refused permission has a route of appeal right up to the Minister. Even if that fails further applications can be made and this is often done by self-appointed developers who meet stiff opposition. Repeated applications are made which eventually wear down the scheme's opponents. But for someone affected by the granting of a planning permission there is no recourse, no redress should the permission reduce the value of their own property, no escape should the agreed development blight their life.

In this area we suffer from a planning sub-committee which seems to delight in reversing the recommendations of its professional officers and going against, or ignoring, the local knowledge

are told that we will have the chance to change things at the next district council elections—the way things are going the planning sub-committee will have destroyed the beauty of south Oxfordshire before that election happens.

Peter K. Blinton,  
Hardwick Road,  
Whitchurch,  
Reading.

## UK energy policy

From the Director,  
Association for the Conservation of Energy

Sir—You report (May 25) that the House of Commons select committee on energy is concerned at the way in which British Gas' proposal to acquire £200m of supplies from Norway's Sleipner field has been subjected to apparently last minute scrutiny by the Treasury.

Inevitably a large part of the controversy concerning the Sleipner contract has been devoted to consideration of whether alternative energy supply investment in the UK might be more cost-effective.

As the energy committee itself concluded however in its Sleipner inquiry, the whole issue raises a number of other considerations which really do need to be taken into account by government, preferably before any final decision is taken. Specifically there need to be periodic reviews of UK energy policy which include energy demand as well as supply projections, to establish whether such strategic decisions—whether their effects upon UK prices—further enhance the relative cost-effectiveness of national investment in energy conservation, or in alternative supply systems.

Would it not have been equally appropriate to ask that such an exercise be undertaken regarding this proposal to spend £200m, and the results duly published? Experience gained elsewhere in the world, notably the U.S.A., does suggest that such an exercise carried out at the right time can greatly reduce the temptation to assume that the only solution to a perceived energy shortfall or even a desire to produce cheaper energy, can be found by expanding investment in supply sources.

Andrew Warren,  
9 Sherlock Mess, W1.

## Potentially crowded country

From Miss C. Macdonald

Sir—It was with horror and near incredulity that I read the three letters (May 22) urging that Chinese from Hong Kong should be allowed to settle in Britain—a figure of 2m was proposed in one letter. Have we not already enough problems in our country as a direct result of the imposition of a multi-racial society on the British people, and this without their consent or any electoral mandate for such an act? Bradford, Tooting, Brixton and Southall are just a few of the examples which should serve as warnings.

We have plenty of inventive genius and entrepreneurial talent among our own people, though sadly they do not always receive the financial backing they deserve. Perhaps it is not so much the quest for entrepreneurial ability as for a ready source of cheap labour which motivates some of the ardent and vociferous advocates of immigration.

With 3m unemployed, a housing shortage, homeless families in hostels and hotels, and a legacy of collapsing concrete tower blocks, the very last thing we need is more people in our overcrowded country.

Or is there some sinister conspiracy afoot to raise our population ratio per square mile to the same horrific level here as that existing in Hong Kong? Poor England!

(Miss) C. Macdonald,

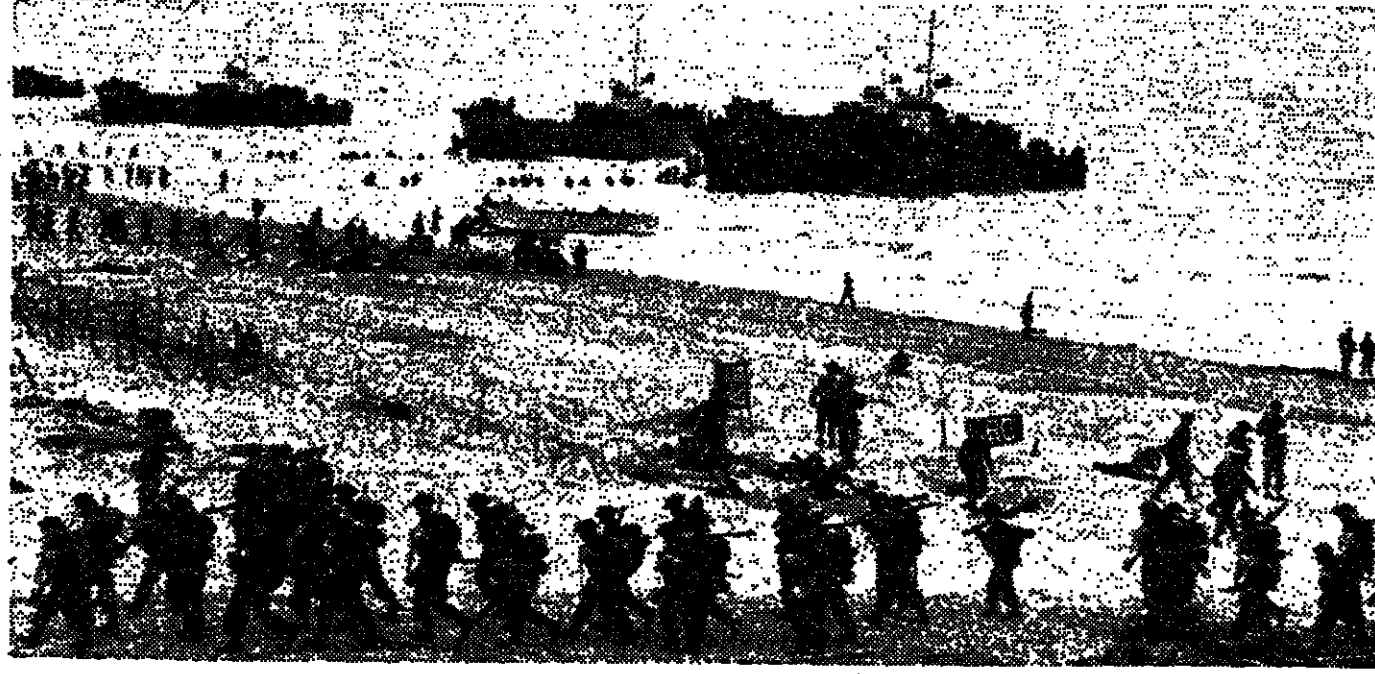
فان لا اله الا الله



# D-Day: a requiem on the beaches

'We didn't come back to tell old soldiers' tales, to bask in heroes' sunshine or to put wreaths on graves'

Alan Forrest on memories of 40 years ago



ENGLISH schoolchildren's voices on the beach at Arranches. They were building sand pies. It could have been Worthing or Littlehampton except for the pillboxes, the bits of Mulberry and the war museum.

I was standing there with another Normandy veteran, an ex-artillery man. "Well, that's what beaches ought to be for," he said as another half dozen sand pies descended from the buckets.

Finally the kids heard our English voices and massed around asking what it was like 40 years ago. We tried to tell them and explain why we'd come back if it had been so awful.

"But did you kill a lot of Germans, sir?" "What sort of a gun did you have?" "My grandad was here on D-Day." The last one made us feel very old.

We walked away after signing a few autographs and were still wondering why we came back. It certainly isn't to tell old soldiers' tales, to bask in heroes' sunshine, or even to put wreaths on graves (a fairly unproductive exercise).

Is it a requiem for doomed youth? Well, I know that I, who went there as a 19-year-old infantryman 40 years ago, returned to remember my friends who lost their innocence and their lives in those bloody

hedge rows and since then I have had a good life helped by a lucky Blighty wound just after the Battle of Caen.

I went back to Caen. Well, not exactly back, because I hadn't seen it before. Caen to us was almost a codeword, like "Charnwood" and "Epsom" and "Goodwood"—those evocative, peaceful names given by our betters to operations which would frighten the living daylight out of us.

To us, Caen was a collection of little towns—it was Fontenay le Pezail Villers Bocage, a lot of Brettevilles, and those hedgerows. Battered buildings with an occasional untouched Calvary pointing to the sky. Dead men and dead cattle. And the sound of Moaning Myrtle—that German six-barrelled mortar which made the most stomach-churning sound I've ever heard.

I wondered what it would be like in Caen. People told me that they don't feel exactly enthusiastic about the British there. After all, we turned the great Duke William's city into a ruin. Alexander McKee in his book *Caen, Arvil of Victory* (reissued in a 40th anniversary edition), says it all in a stark last paragraph: "Just a waste of brick and stone, of buildings which had cost so much to build and so very much more to destroy. The people gazed at us without emotion of any kind; we could

hardly look them in the face, knowing who had done this. These were the people we came to free and this is the price that freedom cost."

Well, Caen is an elegant city, rebuilt as it ought to be. Nobody will like you there. I was told—Normans are dour and charmless and Caenaise even more so. I didn't find it like that. I was welcomed, and as I lay in the sun on the riverbank, stuffed with bouret-bourgethoun reading McKee, I thought: "This is better than last time."

Veterans going back won't have many problems getting around. In Bayeux, I happened to mention Villers Bocage and a man in the restaurant said "I live there" and insisted in running me there in his car and showing me places I remember only as wrecks.

There were traumatic experiences. I decided to walk from Bayeux to the War Museum, some distance outside the city. It was well-signposted, but I lost the thread as I wandered in the early evening sunshine checking on notes and remembering.

Suddenly I turned in the road and saw two tanks looming on 50 yards away. I was on the lawns of the museum but, for a minute, I wondered what year it was.

I haven't got a lot of soldiers' tales to tell. The veterans I met were just glad to be alive,

and going back now to avoid the enormous "bull" surrounding the Queen's visit. We talked mostly about the moments of black farce. An ex-naval gunnery officer in a ship escorting landing craft told me he was nearly court-martialed for letting his crew land to get samples of sand on the beaches for souvenirs.

I remember my landing, armed to the teeth and terrified. As we waited—oh, God, how we waited—in the side of a road, my rifle was run over by a British truck and broken in half. So there I was, ready to liberate France with a weapon that looked like an obscene skipping rope, barrel on one side, butt on the other suspended from the sling.

There was the night when a permanently hungry colleague nicknamed Dagwood, after Blondie's husband in the comic strip, ran out to confront a tank in order to get a packet of biscuits, discovered it was a Tiger, and made the fastest retreat in British military history.

These were the things we talked about and not the deeds of bravery which are well written into regimental histories. I talked to Ray Taylor, an ex-cavalry sergeant-major, a retired publican living now in the Isle of Wight.

Ray was regaled by my Blighty wound—I had been washing mess tins at a village

pump when the 88s unfortunately started up. He got his wound in a tank—I shall hit the top of it and all that happened to me was a fractured skull and a punctured ear drum." He was back in the line shortly afterwards.

Ray went back to Fontenay one evening with a French friend and found a live Mills grenade in the ground. "What are you going to do?" his friend said. "I decided nothing much—I escaped 40 years ago and I'm not going to die now."

Jay Williams, all the way from Alaska, with his wife, did not talk much about Normandy but about how he discovered English beer when stationed over here before the invasion. "I can't drink American beer now, but luckily we've got Bass, Worthington and Whitebread in Alaska."

So I'm sorry I'm not telling stories of heroism. There are many and as you walk about the war museums you see the evidence. And we still feel we belong to an elite—the late Ian MacLeod once recalled that on his way to the beaches he mouthed the words of Henry V. "And gentlemen in England now abed, shall think themselves accused they were not here." We felt a little of that, too.

But I suppose we were avoiding that little boy's question: "Did you kill a lot of Germans, sir?"

IN Welwyn Garden City there is a branch of Tesco, the supermarket chain, where the only apple for sale costs hundreds of pounds... and is a computer. For over a year a special Tesco store has been selling personal computers, such as those from Apple and IBM, to businesses.

This week W. H. Smith, the high street newsagents and booksellers, opened the first of three specialist centres devoted to selling microcomputers to business. If these succeed W. H. Smith intends to build a national chain of computer centres.

And last month a new entrepreneurial group called First Computer announced it intended to build just such a national chain of 50 shops selling micros to business by the summer of 1986. First Computer, which has opened four stores to date, is being backed by the Heron Corporation and is run by Mr Cyril Spencer, former chief executive of the Burton Group.

Encouraged by their success in selling home computers, Britain's leading retailers are increasingly attracted by the booming sales of personal computers to business, which was worth £170m in the UK last year, according to consultants IDC-Europe. Although this falls short of the £200m sales of home computers last year, the business computer market is seen as more stable and has potential long-term growth. No one knows if the home computer will yet prove to have been a fad. There has been increasing concern as companies like Dragon, which called in the receiver yesterday, have got into financial difficulty.

In the U.S. personal computers are increasingly sold through chains such as Computerland, Sears and Businessland. Mr Chris Buchan, head of Apple Computer Techniques' franchised retail outlets ComputerWorld says: "I think the days of the independent dealer are numbered."

The other trend becoming apparent on both sides of the Atlantic is an emphasis on helping customers overcome their apprehension of computers. In the U.S. Businessland, a new company, has had remarkable success with a formula for selling computers to business. It places strong emphasis on consultancy and training rather than price.

Businessland started in November 1982 with \$20m (£15.4m) venture capital. It will have opened 44 centres by the end of June and raised a further \$50m in a public offering last December. It is opening stores at the rate of six a month.

Similarly the centres being managed by First Computer, Mr C. (Curry) and ComputerWorld all provide an environment which is attractive to businessmen and help them understand and use computers.

Mrs Margaret Theroux, founder and a director of First Computer, says: "One of the



Maggie Theroux, First Computer's product director

## Business computers High Street hard sell

By Jason Crisp

keys to our business is including training with every sale. People who use microcomputers without training are usually not satisfied—yet there is a tremendous resistance to paying for it. We are looking for customers who will keep coming back."

Several U.S. chains are also moving to Europe. Computerland, one of the leading franchisees there, announced big plans for Europe early last year. Businessland is also expected to enter the UK later this year.

But Computerland's progress has been much less than it originally hoped. One problem has been the comparatively high initial cost to buy a computer-land franchise. Mr Miles Thistlethwaite at Inteco, part of the U.S. consultancy Dataquest, says: "There is an enormous difference between the U.S. and Europe. The U.S. is used to the franchise method of operation which Europe is not. Also Europe is not used to putting venture capital into retail operations."

He points out that any U.S. operation would expect a turnover of \$5m a year if it is to make a profit. Yet sales in a typical independent UK dealership can be as little as a tenth of that. "There are too many small unrelated suppliers offering 100 many products to customers who don't know what they want. Therefore the time is ripe for a much more rational organisation," says Mr Thistlethwaite.

Although the UK dealership network is widely acknowledged to be weak and under-capitalised, there is no shortage

of people who question whether the chains will automatically take over. First Computer is criticised for trying to expand too fast—although it is modest and of underestimating its overheads. Others question whether W. H. Smith has the entrepreneurial drive and staff to succeed in this field.

One of Britain's largest stores groups which is still considering selling personal computers to business believes there is a big problem getting sufficient sales to meet the high overhead costs, including expensive staff training.

Why many outlets are boosting sales is by using a field sales force. Mr Derrick Clerk, head of Currys' Micro C operation, with six outlets at present, says: "The dilemma we face is, the British manager ready to walk into a shop to buy a computer? I am backing both horses and have a field sales staff at the stores."

This approach is also being adopted by W. H. Smith and ComputerWorld but not by First Computer, which is banking on the attractiveness of its shopfronts to bring in customers, backed by extensive TV and press advertising.

Clearly most of the larger chains like W. H. Smith still view the market with considerable caution, and see their first computer centres such as Malcolm Field, managing director of W. H. Smith, says: "My only nagging doubt is whether the British businessman is prepared to take on the technology change of using a computer."

### The battle reassessed

# Beating 'the finest fighting army of the war'

IN HINDSIGHT the success of the Allied landings in Normandy on D-day, June 6 1944, and the eventual total destruction of the German armies defending France, appears to enjoy a character of inevitability: a certain victory for overwhelming air, sea and land power. However, as the campaign unfolded, the high qualities of the German soldiers, their tenacity and finally narrow beach-heads of D-day indicate, the margin between a firm lodgment and a catastrophic failure was slender enough.

Even after the Allies had consolidated a continuous front, there remained a real possibility that the German build-up over land could outmatch the Allied build-up over sea, leading to stalemate. Eisenhower, for one, feared in July that this might be happening. The consequences for world history of a failure can only be a matter for speculation.

It can be said that a further prolongation of the German war beyond May 1945 would have found Britain at the end of her strength, indeed with her armies rapidly shrinking. Moreover, with the Allies either repulsed on the beaches in 1944 or stalemate in Normandy, Germany's defeat in such circumstances she had been defeated) would have meant an advance by the Red Army right across Europe into France and the Low Countries—with all that that implies for the post-war international scene.

It is therefore entirely proper, and not merely utilising an anniversary as a "peg," to examine afresh the Normandy campaign, from the initial plans and preparations, through the

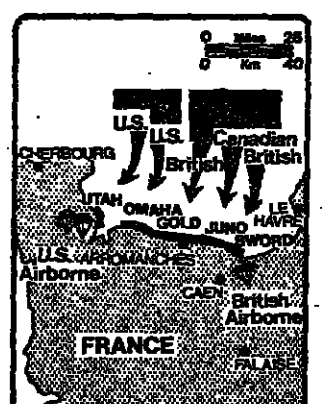
critical hours of D-day itself, to the final complete victory at Falaise at the beginning of August.

Such is the scope of Max Hastings' new book—*Overlord: D-Day and the Battle for Normandy 1944* (Michael Joseph, £12.95). He brings to the subject the high qualities of a historian demonstrated by his book *Bomber Command* coupled with the insights into the sharp-end realities of war which he gained as a reporter with the Falklands task force.

The narrative of *Overlord* is a well-balanced mixture between analysis of major command problems and questions of strategy, discussion of general topics such as the quality of training and equipment, and vivid reportage (based on extensive interviewing of survivors) of the fighting experiences of Allied and German soldiers. These eyewitness accounts are not used merely as human-interest stories, but as a relevant extra dimension to the author's analysis of broad military questions, and as a proper reminder that beneath the arrows on the map lie fear, fatigue and smashed bodies.

What emerges is a series of fascinating contrasts between the two opponents. Except for an air commander-in-chief who attracted deep mistrust from both his British and American colleagues, and other short-comings in the system of air-armor liaison, the Allied commanders worked well together, while the command system itself was functionally well conceived.

On the German side, however, there was confusion to the point



of chaos from the Führer downwards, with no single supreme theatre commander controlling all land, air and sea resources, and no single field commander commanding all available army formations. From first to last there was no theme in the German defence, merely ad-hockery and sterile backbiting between generals.

By contrast, and although he failed in his original intention to seize a wide tract of ground south-east of Caen, Montgomery never lost the initiative nor his grip on the overall pattern of the campaign.

Yet at the levels of divisional commander down to troop-leader, Hastings argues, the German soldier proved himself tougher, braver, more skilful and more enterprising than his Allied opposite number. Even a green formation like 12th SS Panzer fought like a veteran from its first day in battle.

Through the attrition battle in the hedgerows of the bocage in June and July to the last rearguard actions round Falaise

in August the German army pitted sheer professionalism and military virtue against the massed air and fire-power and superior numbers of its enemies and the incompetence of its own Führer and high command. It was this professionalism that enabled the German defence to blunt all Montgomery's massive blows on the British sector round Caen and keep the Americans stuck inside the bocage until the final American breakthrough succeeded by sheer weight of numbers.

Max Hastings notes a related contrast in the nature and quality of the weaponry on both sides. The Allies enjoyed complete air superiority, could strike all that moved in daylight behind the German front, could drop thousands of tons of bombs on an axis of attack, and yet faults in the air-land liaison system meant that the air forces took little effective part in close support against German strongpoints either on D-day or during offensives like "Goodwood." But if the Allies enjoyed a colossal advantage in the "high technology" of air-power, and indeed in sheer weight of artillery and numbers of tanks, the German army's "bread-and-butter" weaponry was immensely superior in quality to the Allied.

The Sherman tank was a tin-can compared to the Panther or the Tiger, while the 88 mm gun remained the most formidable tank-killer of the war; even the German light machine-gun, hand-grenade, and hand-held anti-tank weapon were far better than British or American models. Nor could the Allies match the Germans in pro-

vision of mortars and multi-barrelled rocket launchers. It was such weaponry in the hands of what Max Hastings calls "the finest fighting army of the war" that led to the Allied forces being outfought again and again in the villages and hedgerows where grand strategy has its ultimate cutting edge.

Such considerations lead the author to judge afresh the role and performance of Allied leadership, above all Montgomery, but also Bradley, the American field commander. They were, in fact, only too well aware of the combat inferiority of most of their soldiers, NCOs, junior officers, even their divisional commanders. They knew that Allied tanks were out-gunned and out-armed by German. In a sentence, they commanded a much bigger but fabbier army.

Max Hastings therefore considers that "far too much of the controversy and criticism surrounding the Falaise Gap and other Normandy battles has focused solely upon the generals, as if their making of a decision ensured its effective execution. It seems equally important to consider whether a given option was feasible within the limits of the capabilities of the forces concerned. Hence the soundness of Montgomery's strategy of attrition.

Overlord D-Day and the Battle for Normandy 1944 is a masterly book, rich in insight, shrewd and weighty in judgment. It confirms that Max Hastings now stands in the first rank of writers on modern war.

Correlli Barnett

# Peculiarly painful anniversary for Germans

EXCEPT in England, military defeats are rarely cause for commemoration. As Herr Theo Sommer, a leading West German journalist, wrote this week, the D-Day anniversary is peculiarly painful for Germans. It is a symbol of German failure in that Hitler had to be removed not by Germans but by Allied arms.

The Bonn Government made polite diplomatic feelers about attending the D-Day ceremonies and these have evoked mixed feelings at home. Some argue that West Germany is long overdue for fully Germany to be accepted into the Western community after the mighty efforts at the mighty efforts at reconciliation.

among us, "a West German chancellor has no place at the ceremonies," as a young historian of the Third Reich put it.

Chancellor Helmut Kohl will go instead to the cemeteries of Verdun later this year. This will symbolise not so much West German emancipation from the past as the blossoming love affair between France and Germany since he came to power.

Herr Kohl was 15 when the Third Reich collapsed. Unlike Herr Helmut Schmidt, his predecessor and a wartime naval officer, he sees himself as a post-war chancellor. He seems quite free of guilt feelings. In Moscow last July, he attended his host's

II but not for the Great War. Communist Soviet and Polish charges of German re-annexation leave him as unmovable as Israel's bullying, which so hurt and angered Herr Schmidt.

His approach also conjures mixed feelings. It seems as if each West German generation has to learn for itself what occurred between 1933 and 1945.

The notion of coming to terms with the past is a single word in German but is not a simple process. The screening in 1979 of the U.S. television series, *Holocaust*, made a greater impression than years of careful historical research and broadcast-

ing. A film on the 1943 bombing of Hamburg shown last July, or the obituary for Air Marshal Arthur Harris this year, were marked by a new and distinctly angry tone. This will probably get sharper as the 40th anniversary of the raid on Dresden comes round next February.

Yet the central trauma of the German past, the destruction of the European Jews, will continue to rob West Germans of their self-respect long after Herr Kohl's chancellorship or even his lifetime. The Third Reich left few monuments in Western Germany but many heavy things on the mind.

significantly and incorrectly called the "seizure of power," was overshadowed by the morbid and ludicrous affair of the forged Hitler diaries.

Often, historical judgment is odd, unbalanced or some combination of the two. Some commentators on the Israeli invasion of Lebanon in the summer of 1982 made comparisons with Nazi practice. Some members of the West German peace movement compared their own hostility to the deployment of nuclear missiles in West Germany last year with the plot to assassinate Hitler on July 20 1944.

However, each new anniversary is the occasion for an ever wider discussion. From the attitude to the

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From the attitude to the

### BUILDING SOCIETY RATES

	Share Price	Sub/ptn	Others	
	%	%	%	
Abbey National	6.25	7.25	7.25	Seven Day Account 7.75 Higher Interest acc. 90 days' notice or charge 5.00-6.50 Cheque-Save
Aid to Thrift	7.50	—	—	Easy Withdrawal, no penalty
Alliance	6.25	7.25	7.25	Monthly Income—1 months' notice 7.50 28 days' not. Int. w/dl 28 days' pen if bal undr £10,000 7.25 7 days' notice. No interest penalty
Anglia	8.25	7.25	7.75	3 year Bond. No notice, 3 months' penalty 7.50 Capital Share. No notice, 1 month's penalty 7.25 7 days' notice. No interest penalty
Birmingham and Bridgwater	6.25	7.75	7.75	5 days' notice or 20 days' int. pen. £500 min. 7.75 Guaranteed fixed rate, 12 months, £500 min.
Bradford and Bingley	6.25	7.50	7.50	On demand, no penalty 7.50 High yield SAYE 7 year lump sum scheme
Britannia	6.25	7.25	7.25	7.50 28 days' notice, 7.50 28 days' notice
Cardiff	7.25	7.75	7.50	Share Account balance £10,000 and over
Catholic	6.50	7.50	7.75	@ £5001 +. Monthly Int. Extra Share
Century (Edinburgh)	7.75	—	8.10	Variable, 8.85 Permanent 2.85 3 years
Chelsea	6.25	7.25	7.50	3.10 3 years, immediate withdrawal interest pen
Cheltenham and Gloucester	6.25	7.25	7.50	Gold account £1,000 +. No notice. No penalties Monthly int. £5,000 + 7.75 if added to account
Citizens Regency	6.50	8.00	7.50	4.50 Plus account no penalty. Double opt. 7.50
City of London (The)	6.50	7.25	8.00	6 months' notice—no penalty during notice
Derbyshire	6.25	7.50	8.00	7.25 1 month's not. or 1 mth's int. loss on sums w/dl
Gateway	6.25	7.25	7.25	£1,000 + Gold Star no notice, no penalties
Greenwich	6.25	7.50	7.25	7.50 subject to bal./7 days' notice
Guardian	6.50	—	7.75	3 months' £1,000 minimum
Halifax	6.25	7.25	7.25	Xtra Interest, 7 days' notice, no penalty 7.50 Xtra Interest PLUS 28 days' notice, no penalty 7.75 Special Inv. Cert., 3 months' notice/penalty
Heart of England	6.25	7.50	7.25	5-day notice, 7.25 Flexi-Term
Hemel Hempstead	6.25	7.50	7.50	7.75 3 years, 7.50 28 days, 7.35 over £5,000
Hendon	7.25	—	7.75	3 months
Lambeth	6.40	7.50	8.05	28 days' plus loss of interest 7.25 3 months'
Leamington Spa	6.35	—	7.50	50 pence income, monthly no notice no penalty 7.75 Lion 30 days' notice or pen £1,000 min
Leeds and Holbeck	6.25	8.00	7.75	Monthly interest 7.75 1 mth. notice or pen.
Leeds Permanent	6.25	7.25	7.50	Ex. Int. £500 min. 28 days' notice/penalty
Lester	6.25	7.25	8.00	compounded, 3 years, 7.50 28 days' notice
London Permanent	6.75	—	7.75	1-year term. Int. w/dl. with loss of 1% bonus
Midhires	6.25	7.75	7.75	3 yrs term with 0.5 bonus on mat'y if reinvd.
Mornington	7.50	7.50	—	Immediate withdrawals—no penalty
National Counties	6.55	7.55	7.80	1 month notice (no penalty). £1,000+
National and Provincial	6.25	7.25	7.50	1 month's notice or immediate and interest loss
Nationwide	6.25	7.25	7.75	Capital Bonds, 3 yrs., 90 days' notice/penalty
Newcastle	6.25	7.50	7.75	Super Bonus Account, 60 days' notice/penalty 7.35 Bonus—7 Accounts, 7 days' notice/penalty
Norwich	6.25	7.50	7.75	50 days' notice, or on demand with penalty 7.25 28 days' notice or on demand with penalty
Northern Rock	6.25	7.50	7.50	Moneyplanner plus, 7 days' notice w/dl. No pen. min. invest £10,000 7.25 On invests. £1,000-£9,999
Norwich	6.25	7.50	7.50	City Acc. Immed. withdraws. with no penalty
Paddington	6.75	8.25	7.75	1 mth's not. or 1 mth's int. loss on sums w/dl.
Peckham	7.00	—	7.50	7 days, 8.0 3 months
Portman	6.25	7.75	7.75	Two months' notice, 7.25 no notice
Portsmouth	6.55	8.05	8.40	5 years, 8.00 6 months, 7.75 3 months'
Property Owners	6.75	8.00	7.75	7 days, 7.85 28 days, 8.10 6 mths, 7.50 mthly inc
Scarborough	6.25	7.50	7.25	Money Care and Free Life Insurance
Skipton	6.25	7.50	7.75	Sovereign £10,000 +, 7.50 £5,000 +, 7.25 £1,000 +. No Penalty. No Notice Mthly Income
Stroud	6.25	7.50	7.85	3 mths, 7.60 £10,000 + no penalty, no notice
Sussex County	6.25	8.00	7.25	7 days' notice, 7.50 28 days, 6.50 Sh a/c £2,500+
Sussex Mutual	6.50	8.00	7.75	Monthly income at 1 month's notice
Thrift	7.15	—	8.15	3-year term. Other accounts available
Town and Country	6.25	7.25	7.75	3 yrs' + yrlly. int. Monthly income w/dl facility, 7.50 7 days' notice no interest penalty, + yrlly int.
Wessex	7.60	—	—	No Notice. No penalties
Woolwich	6.25	7.25	7.25	7 days' notice
Yorkshire	6.25	7.25	7.75	28 days' notice or on demand (interest pen.) notice without penalty
				Diamond key, 60 days' penalty or 28 days'

All these rates are after basic rate tax liability has been settled on behalf of the investor.



UK COMPANY NEWS

Changes made at Murray trusts

IN ORDER to reflect the investment policy of four trusts managed by Murray Johnston...

John Moore, City correspondent, looks at Lonrho's war of attrition for Harrods stores group Further investigation by Monopolies Commission

IN December 1981, when the Monopolies and Mergers Commission ruled that a takeover of House of Fraser, the stores group, by Lonrho, "may be expected to operate against the public interest," nobody thought that the matter would rest there.

and Merger Commission decision Mr Rowland embarked on a new campaign to wear down the House of Fraser board. This campaign centred on a plan by Lonrho to float off Harrods as a separate company in a demerger arrangement.

for a resolution calling on the Fraser board to consider the demerger proposals. Although the plan was warded off by the Fraser board, which gained shareholders' support for its rejection of a demerger plan, Lonrho had once again succeeded in putting House of Fraser on the defensive.

Rowland. The arrival of six other Lonrho directors and six supporters could give Lonrho control. At part of its plan Lonrho was also seeking to increase the size of the Fraser board from 18 to 25.

companies, dealt with this particular point. The Fraser board fumed that Lonrho's move would be "the first cashless takeover" of a company. For these reasons the Office of Fair Trading suggested to the Secretary of State for Trade that the matter ought to be reviewed again by the Monopolies and Mergers Commission.

That inquiry, commenced last August, followed allegations by House of Fraser that mystery shareholders were being built up by sympathisers of Lonrho which were acting in concert with Lonrho in its efforts for control over Fraser.

Mr Rowland "Tiny" Rowland, Lonrho's chief executive, one of Britain's most determined and obsessive entrepreneurs who does not like losing. At the time of the Monopolies and Mergers Commission decision he said that it had won all the battles. "Battles; these are mere skirmishes. It is who wins the war that matters."

Increasing the final dividend fall. AUGUST 1980. Professor Roland Smith is brought into the Fraser group by House of Fraser's merchant banking advisers, S. G. Warburg. Professor Smith becomes a part-time deputy chairman. Mr Rowland is removed as non-executive deputy chairman. Mr Ernest Sharp, a former joint managing director of Grand Metropolitan becomes a part-time non-executive director, also brought in by Warburg.

NOVEMBER 1980. House of Fraser announces its planned £29m sale and leaseback deal of its D. H. Evans Oxford Street store. Lonrho writes to Fraser shareholders objecting to the deal. DECEMBER 1980. Lonrho calls for an extraordinary general meeting to oppose sale and leaseback deal.

JANUARY 20 1981. Lonrho fails to block the D. H. Evans deal. Lonrho launches a personal attack on Sir Hugh Fraser questioning his suitability as chairman. JANUARY 22. Mr Rowland arranges to meet Sir Hugh Fraser privately, effects a reconciliation and splits the Fraser board.

MAY 1982. Lonrho challenges changes to the Fraser articles of association and blocks them at the annual general meeting. Lonrho's own resolutions including one which said that shareholders should receive details of any offer made for their shares were defeated. SEPTEMBER 1982. Lonrho starts its campaign to demerge Harrods.

and calls an extraordinary general meeting. MAY 1983. Fraser shareholders support the Monopolies and Mergers Commission proposals. JUNE 1983. Another attempt by Lonrho to gain support for a demerger resolution fails at the annual general meeting of the Fraser.

FEBRUARY 1977. Lonrho's chief executive Mr Tiny Rowland approaches Sir Hugh Fraser and acquires a near 25 per cent stake in Scottish and Universal Investments (SUIITS), an industrial holding company formed by Sir Hugh's father, from Fraser trusts. Mr Rowland becomes chairman of SUIITS. SUIITS holds a 10.29 per cent stake in Fraser.

APRIL 1980. Lonrho begins a campaign to force House of Fraser to raise its final dividend from 4p net per share to 6p net per share and forces the matter to be put to shareholders at an annual general meeting. MAY 1980. Lonrho seeks to replace four House of Fraser directors at the annual general meeting with four of its own nominees.

NOVEMBER 1977. Mr Rowland becomes non-executive chairman of House of Fraser. Lonrho's Duncan-Sandys, Lonrho's chairman, joins the Fraser board.

NOVEMBER 1982. Lonrho, at an extraordinary general meeting of Fraser shareholders, gains the support of shareholders for its resolution calling for the Fraser board to consider demerger proposals. APRIL 1983. Fraser board rejects the demerger of Harrods.

and calls an extraordinary general meeting. MAY 1984. Lonrho seeks to secure the election of six of its own directors and six outsiders to the Fraser board. JUNE 1984. Department of Trade and Industry refers the latest move to the Monopolies and Mergers Commission.

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Better start made by Burmah Oil

Sir Alastair Dunn, chairman of Burmah Oil group, told members at the annual meeting that 1984 had started rather better than did the previous two years.

Global Group coming to Unlisted Securities Market

The Global Group, a Smithfield-based international meat trader, is the latest food company to join the Unlisted Securities Market.

Marshall's Universal making £2m rights

A RIGHTS issue to raise some £2m after expenses is proposed by Marshall's Universal, motor vehicle, components and paper and board distributor.

GrandMet completes £31m disposal

Grand Metropolitan, the UK-based hotel and leisure group and the Coca-Cola Company of the U.S. have jointly announced the completion of the acquisition by The Coca-Cola Export Corporation of the assets of CC Soft Drinks.

Take-over bids and deals

Activity in the Bids and Deals sector showed no signs of slackening this week. Among the major developments, British Electric Traction made a £167.5m offer for the outstanding 59.3 per cent of Initial, its towel rental and cleaning associate and, at the same time, reached agreement to sell the television rentals operations of its Granada subsidiary to Granada for £120m.

Summary of the week's company news

Results which the chairman described as "very encouraging" and "a very successful year" for the company, and which he said were "substantially ahead of 1983". Mr L. Stevens told the annual meeting, and the outlook for the year as a whole remained promising.

Dobson Park warns on second half outcome

IT IS unavoidable that the coal mining industry dispute will affect full year results of Dobson Park Industries, warn the directors in their interim statement.

However, they point out that when the dispute is settled the company fully expects a strong demand for mining products to return to normal.

Mr Rowlands pointed out that without earnings increasing as a result of rating changes, the group's broking companies "continue their good progress."

Lanca's modest rise

An increase of £12,000 in £179,000 in pre-tax profits for 1983 is reported by Lanca, the Oldham-based manufacturer and wholesaler of handbags. The dividend is unchanged at 2.3p net.

Company News in Brief

In results which the chairman described as "very encouraging" and "a very successful year" for the company, and which he said were "substantially ahead of 1983". Mr L. Stevens told the annual meeting, and the outlook for the year as a whole remained promising.

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit (£000), Earnings per share (p), Dividends per share (p)

INTERIM STATEMENTS

Table with columns: Company, Half-year, Pre-tax profit (£000), Interim dividends per share (p)

Offers for sale, placings and introductions

Huster Saphir is coming to the Unlisted Securities Market and offering for sale 11.5 per cent of its shares at 120p per share.

Script Issue

Harrisons & Crosfield—One for one scrip issue.

Rights Issue

Saxon Oil is planning to raise £10.7m through an underwritten one-for-four rights issue of 4.66m shares at 230p per share.

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RESULTS DUE NEXT WEEK

WITH a 50 per cent profit increase to £90.2m already under its belt for the nine months to end December 1983, and a seasonally strong final quarter to come, Reed International is expected to pitch in some good preliminaries on Tuesday.

Growth is coming across the board, particularly from publishing and decorative products, with additional help from acquisitions. The former is expected to continue to strengthen given the increase in classified advertising on both sides of the Atlantic while the North American paper operations, which have been adversely affected by unfavourable currency movements and increased costs, should improve in the stronger newspaper market. A return to break-even in the U.S. should enable the decorative products division to return to profits. Rationalisation costs should be lower in the final quarter. Overall, analysts expect between \$80m and \$91m for the year, against \$60.9m last time.

Hanson Trust, diversified industrial holding company, continues to digest large takeovers and increase profits. Barring any surprise, earnings for the six months to March 1984 which just included the \$250m purchase of London Brick, completed in February, are expected to rise to \$100m from \$75m. Hanson is expected to rise to \$140m for the year, against \$100m last time. Hanson Trust, diversified industrial holding company, continues to digest large takeovers and increase profits. Barring any surprise, earnings for the six months to March 1984 which just included the \$250m purchase of London Brick, completed in February, are expected to rise to \$100m from \$75m. Hanson is expected to rise to \$140m for the year, against \$100m last time.

As usual, the City is taking its breath of fresh air after the broadsheet of results to follow. BP's results, due out next Thursday, Net reported income for the first three months to March is expected to rise from \$1.1bn in the previous first quarter to anything between \$1.2bn and \$1.3bn. Those figures should be a swing from stock prices of more than £120m to £130m, assisted by the company's strength, of up to £25m. Refinery margins should have improved to buoyant production prices have coincided with depressed prices for spot crude, which accounts for more than half of BP's refinery supplies. Refinery volumes have been

strong, and there will be some rationalisation benefits, especially in West Germany. Meanwhile, chemicals should have more than broken even as BP's production efficiencies come on line in time to catch an upturn in the industry. The upstream performance should benefit from better production flows from Magnus and Forties in the North Sea.

De La Rue Company is expected to reveal a comparatively flat performance for the year to March when it publishes its results next Tuesday. The second half should show only a marginal profit improvement over the previous period as a scatter of Third World insolvency crises has put a dampener on demand for banknotes. That, combined with competitive conditions in the cheque printing industry, points to a decline in the security division's profits.

Following a turnaround into profit in the first half, Crosfield Electronics has continued to advance in an expanding market, and looks on track for a swing from the previous year's \$5.9m loss to a \$2.5m profit. Barring any surprise, earnings for the six months to March 1984 which just included the \$250m purchase of London Brick, completed in February, are expected to rise to \$100m from \$75m. Hanson is expected to rise to \$140m for the year, against \$100m last time.

Prospects look dull for Electronic Rentals which announces preliminary figures for the year to March on Thursday. The group's trend to buy rather than rent televisions and video recorders is firmly established with the result that profits from the rental division are expected. Retail sales should have risen including a steadily increasing overseas element. Business systems, Electronic Rentals hope for a brighter future, will make a full year consolidation of acquisitions made in 1983. Overall, pre-tax profits will be down to \$11m, though the dividend is expected to be maintained at \$2.20. The RBT's decision to sell Rofif, which to Granada has demoted takeover prospects which had amounted to the share price.

Table with columns: Company, Announcement date, Dividend (p), Last year, This year. Lists various companies like Anglo American, Anglo American Corporation of S.A., Anika Brothers, etc.

Table with columns: Company, Current payment, Date, Corre. Total, Total. Lists companies like Cardiff Property, Johnson Park, etc.

Table with columns: Wednesday, May 30 1984, Increase (+) or Decrease (-) for week. Lists various companies.

Table with columns: £, £. Lists various companies.

Table with columns: £, £. Lists various companies.

Table with columns: £, £. Lists various companies.

Terry Povey reports on the prosperous mercenaries of the Japanese capitalist system

Sokaiya leader defends corporate protection racket

"THEY ARE trying to exterminate us, calling us a social problem," claims Masayuki Kajitani who admits to being one of Japan's leading Sokaiya — the "mercenaries" who run the country's corporate protection racket.

On Thursday, however, Mr Kajitani and three fellow Sokaiya, along with a senior executive of Itesan, one of Japan's leading department store chains, became the first people to be charged with violations of the Commercial Law since it was revised in 1982 so as to make dealings between companies and the racketeers illegal.

According to the Tokyo police, the five men discussed one of the capital's more expensive restaurants (over \$200 per head) in late January. The police say the executive from Itesan asked that either the Sokaiya should stay clear of the company's annual shareholders meeting due on February 28, or that they should attend in order to make things go smoothly. Payments are alleged to have been made in the form of goods vouchers and, at a later date, in cash.

The Sokaiya shot to international prominence earlier this year, when the annual general meeting of Sony was turned into a 13½ hour ordeal by persistent questioning from some 20 to 30 shareholders. Hard hit by the recession in video cassette recorder sales in the previous year, Sony was vulnerable to criticism. However, its refusal to pay the Sokaiya off turned the meeting into a bear garden.

For a larger sum the Sokaiya will turn up and lead the chorus of praise for the company's achievements. "I suppose you could call us corporate mercenaries," if suitably reimbursed for their troubles the Sokaiya are "loyal in public and privately advise the company" of anything they come across that might be unsavoury. Mr Kajitani, whose name plate on his office door variously describes him as 'Political and Economic Consultant', member of the 'Shareholders Protection Society' and a member of the Rondon Doyukai (literally the discussion group, whose members are the subject of the last week's arrests), insists that it is the "advisory role that is our most important function."

According to the Tokyo police, who have a special department for handling Sokaiya problems, the number of these professional shareholders fell from about 6,000 before the revision of the commercial code to some 900. More recently, however, the Sokaiya have seemed to be experiencing a revival, and their ranks have grown back to 1,400. Many of the larger corporations are still thought to be maintaining relationships.



Masayuki Kajitani

month could see considerable activity by the Sokaiya. Yet after the Sony experience, the major companies remain nervous about their relationship with the racketeers. A survey late last year found that almost half the companies listed on the Tokyo Stock Ex-

change admitted maintaining their links with the Sokaiya—although almost all wished to sever them.

And whatever the outcome of the case against the group arrested with Mr Kajitani, the Itesan executive faces a possible fine of up to ¥300,000 or six months in prison. The Itesan annual meeting went very smoothly and lasted only 39 minutes.

No doubt as he awaits the trial, Mr Kajitani will be rehearsing his line of defence in the effect that the Sokaiya are a vital part of the Japanese way of corporate life. His own group is a model, he claims. "We formed this company so as to exclude all bad influences. We never commit any acts of violence and are always disciplined. All our employees start work at 7.30 am by singing the company song."

Quite what the content of the song was, he did not reveal. Although the police action will be encouraging for those who wish to see this particular racket stamped out, Mr Kajitani leaves one with the feeling that as long as there is some company prepared to pay the piper, there will be pipers learning what tune to play.

Italian banks rally round Zanussi

BY ALAN FRIEDMAN IN MILAN ZANUSSI, the troubled Italian manufacturer of domestic appliances has received a moratorium on £1,000m (\$537m) of bank debt in order to make a crucial \$42m foreign debt payment this month and next.

American Stores in \$1bn offer for Jewel

BY TERRY BYLAND IN NEW YORK IN A MAJOR deal in the U.S. food retailing industry, American Stores is making a cash tender offer for Jewel, the Chicago-based supermarket and drugstore chain, on terms which value the company at just over \$1bn.

Hochtief profits surge on increased sales

BY OUR FINANCIAL STAFF HOCHTIEF, the big West German construction group, reports a steep rise in profits for 1983 and is lifting its dividend.

Abu Dhabi plans foreign oil refinery

BY OUR ABU DHABI CORRESPONDENT ABU DHABI, the biggest oil producer of the seven United Arab Emirates, intends to diversify into oil refining and product distribution abroad.

Levit studies \$271m buy-out

BY WILLIAM HALL IN NEW YORK LEVIT FURNITURE, the biggest independent specialist home furnishings retailer in the U.S., is discussing a \$271m management buyout which it hopes to arrange with the help of the owner of Braniff, the U.S. airline which emerged from bankruptcy earlier this year.

Cheung Kong lifts stake in Hutchison Whampoa

BY DAVID DODWELL IN HONG KONG CHEUNG KONG, the major Hong Kong property group controlled by Mr Li Ka-Shing, has boosted its holding in Hutchison Whampoa, the trading group, to 40 per cent after taking up a "substantial part" of its entitlement to a scrip issue offered as an alternative to a HK\$4 special dividend.

ECONOMIC DIARY

TODAY: Mr P. W. Botha, South African Prime Minister, meets Mrs Margaret Thatcher. Anti-apartheid demonstration, Downing Street. TOMORROW: General and Municipal Workers Union (GMBATU) annual conference opens, Torquay (to June 7). MONDAY: Capital issues and redemptions for M. Company of the Bank of England. UK official reserves for May. May edition of CBI monthly trends inquiry. EEC Finance Ministers meet, Luxembourg. Post Office Engineering Union annual conference opens, Blackpool (to June 8). Reuters stock market dealings begin. TUESDAY: London clearing banks' monthly statement for mid-May. Credit business for April, and April final figures for retail sales from Department of Trade. Mid-May provisional estimate of monetary aggregates from Bank of England. EEC Development Ministers meet, Luxembourg. EEC Consumer Affairs Council meets, Luxembourg. Financial Times two-day conference on the electronic office opens, Intercontinental Hotel, W1. Mr Neil Kinnock, Opposition leader, speaks at P.O. engineering Union conference, Blackpool. WEDNESDAY: Department of Energy publishes advance energy statistics for April. Department of the Environment gives details of April housing starts and completions; and house renovations for first quarter. THURSDAY: UK balance of payments for first quarter. International economic summit opens, Lancaster House (to June 9). Miners demonstration and mass lobby of Parliament. EEC Social Affairs Council meets, Luxembourg. FRIDAY: Association of Scientific, Technical and Managerial Staffs annual conference opens, Blackpool (to June 12). EEC Research Council meets in conference on the electronic

Granville & Co. Limited

Table with columns: 1983-84, High/Low, Company, Price Change, Gross Yield, P/E, Fully Paid. Lists various companies like Anglo American, Anglo American Corporation of S.A., etc.

Why do industrialists find SyFA so enterprising?

Advertisement for SyFA (Sydney Financial Automation) featuring a man at a computer terminal and text describing their services for industrialists.

Granville & Co. Limited

Table with columns: 1983-84, High/Low, Company, Price Change, Gross Yield, P/E, Fully Paid. Lists various companies like Anglo American, Anglo American Corporation of S.A., etc.

FINANCIAL TIMES

Advertisement for Financial Times featuring a man in a suit and text describing their financial services and subscription information.

LADBROKE INDEX

Table with columns: Fund, Bid, Offer, Pensions. Lists various funds like Anglo American, Anglo American Corporation of S.A., etc.

Granville & Co. Limited

Table with columns: £, £. Lists various companies.

FINANCIAL TIMES

Table with columns: £, £. Lists various companies.

BARCLAYS BANK

Table with columns: £, £. Lists various companies.















STOCK EXCHANGE DEALINGS

STERLING ISSUES BY FOREIGN GOVERNMENTS

Table listing foreign government issues in sterling, including countries like Australia, Canada, and New Zealand, with details on issue size and dates.

UK PUBLIC BONDS

Table listing UK public bonds, including Treasury bills, government securities, and other financial instruments.

FOREIGN STOCKS (coupons payable London)

Table listing foreign stocks with coupons payable in London, including companies from various international markets.

CORPORATIONS-Foreign

Table listing foreign corporations, including companies from the USA, Europe, and other regions.

BANKS DISCOUNT

Table listing bank discount rates for various financial institutions and currencies.

BREWERS

Table listing various brewery stocks and their market performance.

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Table of stock exchange dealings, listing various securities and their trading volumes.

FINANCIAL TRUSTS

Table listing financial trusts and their associated securities.

INSURANCE

Table listing insurance companies and their stock offerings.

INVESTMENT TRUSTS

Table listing investment trusts and their portfolio holdings.

UTILITIES

Table listing utility companies and their market activity.

WATER WORKS

Table listing water works companies and their financial data.

UNIT TRUSTS

Table listing unit trusts and their investment strategies.

MINES-MISCELLANEOUS

Table listing mining and miscellaneous stocks.

They are not in order of execution but in ascending order which denotes the days highest and lowest dealing prices.

Table of stock exchange dealings, continuing from the previous section.

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Table listing mining and miscellaneous stocks.

Table listing various stocks and their market performance, including companies like BHP, Anglo, and others.

PROPERTY

Table listing property-related securities and their market activity.

UNLISTED SECURITIES MARKET

Table listing unlisted securities and their market performance.

RULE 163 (2)

Applications granted for specific bargains in securities not listed on any stock exchange.

PLANTATIONS

Table listing plantation companies and their market activity.

RAILWAYS

Table listing railway companies and their market performance.

SHIPPING

Table listing shipping companies and their market activity.

RULE 163 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland.

RULE 163 (3)

Dealings for approved companies engaged solely in mineral exploration.

LONDON TRADED OPTIONS

Table of London traded options, including calls and puts for various stocks like B.P., Anglo, and others.

EUROPEAN OPTIONS EXCHANGE

Table of European options exchange, listing various options and their market activity.

Advertisement for Mental Welfare Society, featuring a photograph of a person and text about mental health support.







INSURANCE MANAGED FUNDS

Handwritten Arabic text at the top center of the page.

Table of insurance managed funds including: British National Life Assurance Co. Ltd., British Overseas Life Assurance Co. Ltd., British United Life Assurance Co. Ltd., and others.

Table of insurance managed funds including: Lloyds Life Assurance - Gen., Sun Alliance Insurance Group, and various international and specialty funds.

Table of insurance managed funds including: Standard Life Assurance Company, Sun Alliance Insurance Group, and various international and specialty funds.

Table of insurance managed funds including: Sun Alliance Insurance Group, Sun Life of Canada (UK) Ltd., and various international and specialty funds.

Table of insurance managed funds including: Sun Alliance Insurance Group, Sun Life of Canada (UK) Ltd., and various international and specialty funds.

OFFSHORE AND OVERSEAS

Table of offshore and overseas managed funds including: Sun Alliance Insurance Group, Sun Life of Canada (UK) Ltd., and various international and specialty funds.

NOTES section providing additional information and disclaimers regarding the fund data.



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# FT LONDON SHARE INFORMATION SERVICE

## HOTELS—Continued

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127	127

## BRITISH FUNDS

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001	1001

## Five to Fifteen Years

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002	1002

## Over Fifteen Years

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003	1003

## Undated

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004	1004

## Index-Linked

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005	1005

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006	1006

## CORPORATION LOANS

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007	1007

## COMMONWEALTH AND AFRICAN LOANS

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008	1008

## LOANS

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009	1009

## Public Board and Ind.

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010	1010

## Financial

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011	1011

## FOREIGN BONDS & RAILS

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012	1012

## AMERICANS

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
2001	2001	2001	2001	2001	2001	2001	2001	2001	2001	2001	2001	2001	2001	2001	2001	2001	2001	2001

## BEERS, WINES—Cont.

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
3001	3001	3001	3001	3001	3001	3001	3001	3001	3001	3001	3001	3001	3001	3001	3001	3001	3001	3001

## BUILDING INDUSTRY, TIMBER AND ROADS

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
4001	4001	4001	4001	4001	4001	4001	4001	4001	4001	4001	4001	4001	4001	4001	4001	4001	4001	4001

## DRAPERY & STORES—Cont.

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
5001	5001	5001	5001	5001	5001	5001	5001	5001	5001	5001	5001	5001	5001	5001	5001	5001	5001	5001

## ENGINEERING—Continued

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
6001	6001	6001	6001	6001	6001	6001	6001	6001	6001	6001	6001	6001	6001	6001	6001	6001	6001	6001

## INDUSTRIALS (Miscel.)

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
7001	7001	7001	7001	7001	7001	7001	7001	7001	7001	7001	7001	7001	7001	7001	7001	7001	7001	7001

## CANADIANS

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
8001	8001	8001	8001	8001	8001	8001	8001	8001	8001	8001	8001	8001	8001	8001	8001	8001	8001	8001

## BANKS, HP & LEASING

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
9001	9001	9001	9001	9001	9001	9001	9001	9001	9001	9001	9001	9001	9001	9001	9001	9001	9001	9001

## CHEMICALS, PLASTICS

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
10001	10001	10001	10001	10001	10001	10001	10001	10001	10001	10001	10001	10001	10001	10001	10001	10001	10001	10001

## DRAPERY AND STORES

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
11001	11001	11001	11001	11001	11001	11001	11001	11001	11001	11001	11001	11001	11001	11001	11001	11001	11001	11001

## ELECTRICALS

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
12001	12001	12001	12001	12001	12001	12001	12001	12001	12001	12001	12001	12001	12001	12001	12001	12001	12001	12001

## FOOD, GROCERIES, ETC

1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950
13001	1300																	



INDUSTRIALS—Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

LEISURE—Continued

Table of leisure-related stocks such as British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

PROPERTY—Continued

Table of property-related stocks including various real estate and construction companies. Columns include stock name, price, and percentage change.

INVESTMENT TRUSTS—Cont.

Table of investment trusts such as British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

OIL AND GAS—Continued

Table of oil and gas stocks including various energy and resource companies. Columns include stock name, price, and percentage change.

Advertisement for Telford featuring the text 'Need room to grow? Emigrate to Telford' and 'The Growing State'.

MINES—Continued

Table of mining stocks including various mineral and metal extraction companies. Columns include stock name, price, and percentage change.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including various automotive and aerospace companies. Columns include stock name, price, and percentage change.

SHIPPING

Table of shipping stocks including various maritime and logistics companies. Columns include stock name, price, and percentage change.

SHOES AND LEATHER

Table of shoes and leather stocks including various footwear and leather goods companies. Columns include stock name, price, and percentage change.

OVERSEAS TRADERS

Table of overseas trader stocks including various international trade and commodity companies. Columns include stock name, price, and percentage change.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including various media and publishing companies. Columns include stock name, price, and percentage change.

TEXTILES

Table of textile stocks including various clothing and fabric manufacturing companies. Columns include stock name, price, and percentage change.

TOBACCO

Table of tobacco stocks including various tobacco and cigarette companies. Columns include stock name, price, and percentage change.

PLANTATIONS

Table of plantation stocks including various agricultural and land management companies. Columns include stock name, price, and percentage change.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising stocks including various media and service companies. Columns include stock name, price, and percentage change.

TOBACCO

Table of tobacco stocks including various tobacco and cigarette companies. Columns include stock name, price, and percentage change.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including various financial and real estate companies. Columns include stock name, price, and percentage change.

FINANCE, LAND, etc

Table of finance, land, and other stocks including various financial and real estate companies. Columns include stock name, price, and percentage change.

PROPERTY

Table of property stocks including various real estate and construction companies. Columns include stock name, price, and percentage change.

INVESTMENT TRUSTS

Table of investment trusts such as British Airways, British Petroleum, and various manufacturing firms. Columns include stock name, price, and percentage change.

OIL AND GAS

Table of oil and gas stocks including various energy and resource companies. Columns include stock name, price, and percentage change.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including various precious metal and mining companies. Columns include stock name, price, and percentage change.

INSURANCE

Table of insurance stocks including various financial and service companies. Columns include stock name, price, and percentage change.

OIL AND GAS

Table of oil and gas stocks including various energy and resource companies. Columns include stock name, price, and percentage change.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including various precious metal and mining companies. Columns include stock name, price, and percentage change.

CENTRAL AFRICAN

Table of central African stocks including various regional and resource companies. Columns include stock name, price, and percentage change.

NOTES

Notes section containing various financial notices, company announcements, and market commentary.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including various local and international companies. Columns include stock name, price, and percentage change.

OPTIONS—3-month call rates

Table of 3-month call rates for various options, including interest rates and market indicators.



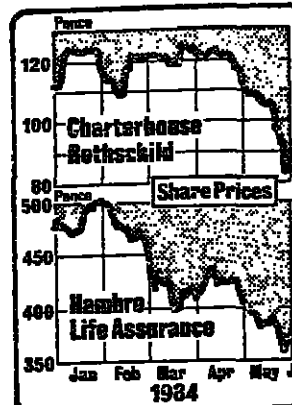


With generous... FREEDOM... CAPITAL... NEWPORT

THE LEX COLUMN

The mountain goes to Weybridge

Index rose 27.6 to 824.5



feeble arguments or reversing an earlier decision and thereby undermining its own authority...

important portfolio shift from gilt-edged to equities, but every-one else is in the dark...

Rothschild/Hambro When Charterhouse J. Rothschild and Hambro Life placed a notice in the papers to announce their engagement...

Lonrho/Fraser Quite what the Government hopes to achieve by redirecting the Lonrho/House of Fraser portfolio to the Monopolies Commission is anyone's guess...

Markets The Himalayan rises and falls in the equity market this week have left investors in a state of utter confusion...

Kinnock speaks out as pit strike violence flares

By Philip Bassett, Labour Correspondent

VIOLENCE FLARED again yesterday during picketing of the Osgreave coking works near Sheffield...

Mr Neil Kinnock, the Labour Party leader, last night condemned the continued violence in the strongest terms...

There is no place in any industrial dispute in Britain for missiles, battering rams or any other implement or act of violence...

At Osgreave, police said there were up to 4,000 pickets yesterday, the largest number seen there so far...

Trouble broke out in the morning at the first convoy of 35 lorries pulled out of the gates. Police had been gathering pickets since time after a steady stream of miners was increased by flying pickets who had been stopped by police from travelling to Derbyshire and Nottinghamshire...

The police also built up their largest presence so far at the plant with officers standing in deep...

THE NATIONAL Coal Board is set up "enterprise trusts" in partnership with the Manpower Services Commission and the private sector...

The board is likely to see its primary role in the trusts which, it is hoped, will be established by late summer...

The idea came from Mr Ian MacGregor, the NCB chairman and is evidently aimed at allaying miners' fears that a closure programme would leave mining areas stripped of employment opportunities...

More than 2,000 were deployed, with another 500 in reserve...

Pickets from the middle of the crowd pushed forward, charging the police lines, which held against the onslaught...

A small number of police became detached from the main force because the front-line pickets had been pushed into the main police ranks...

Six police became stranded among the pickets. Hand-to-hand fighting broke out and Sgt...

Dragon Data and Tymcom enter receivership

By Guy de Jonquieres

DRAGON DATA and Tymcom, two previously fast-growing British microcomputer manufacturers, have entered receivership...

Both companies' financial difficulties have been blamed on increasingly severe competition. South Wales-based Dragon supplies inexpensive home computers...

Earlier this year Conservative Central Office recommended Tymcom's product, the Microframe, for use by constituency parties...

Dragon, which employs 150 and was previously owned by the failed Mettoy toy group, has received several regional packages in the past 18 months...

The operation raised to 49 per cent the stake in Dragon held by Prutech, the high-technology arm of Prudential Assurance...

Mr Brian Moore, who moved from GEC to become Dragon's managing director last year, blamed the company's problems on poor Christmas sales...

The company hopes to launch three small computer products later this year. One of these, a pressure pad control for minicomputers...

Mr Alan Timpany, its founder and managing director, is the single largest shareholder. Other shareholders are County Bank...

County Bank, which acquired 13 per cent of Tymcom at a cost of £250,000, said the Microframe had experienced severe personal computer...

Tymcom had also suffered from a drop in sales of Apple computers, which it distributes in Britain...

Charterhouse J. Rothschild and Hambro Life call off merger

By Ray Maughan

THE LARGEST financial services merger of the year so far was formally called off yesterday as Charterhouse J. Rothschild, the investment management, merchant banking and stockbroking group...

Both sides presented the parting as an entirely amicable agreement, and separation will be by no means complete...

The two groups had been discussing a merger since February and in April revealed their hopes of forming a broadly spread financial services conglomerate...

Mr Mark Weinberg, founder and chairman of Hambro Life, said yesterday: "We entered an engagement, had intended to enter a formal marriage...

an engagement, had intended to enter a formal marriage. But we now intend to have a formal divorce..."

Mr Jacob Rothschild, his opposite number at Charterhouse J. Rothschild, which was set up only five months ago on the merger of RIT and Northern, the investment group...

The "keystone" of those links is the 34.8 per cent stake in the insurance company for which CJR paid Hambro Bank £60m in cash...

A joint committee of senior executives from each group is to examine ways of keeping close contact...

Hambro Life said fund manager had intended to offer one of the first opportunities...

Together, the companies manage funds worth £6bn for clients, and there would be scope for linking Hambro Life's extensive customer base throughout Britain...

The full merger has been called off because, Mr Weinberg said: "We found that the two groups have very different financial characteristics..."

"Looked at on a broad level, Hambro Life is a company valued strictly on its earnings...

GEC loses battle for Singapore deal

By Chris Sherwell in Singapore

GENERAL ELECTRIC COMPANY of the UK has lost a last-ditch battle to wrest a \$312m (£41m) subcontract from Mitsubishi Electric of Japan for power systems for rolling stock on Singapore's major rapid transit urban rail system...

The subcontract is the biggest of several which are part of the \$853.5m rolling stock contract won in April by Kawasaki Heavy Industries and three other Japanese partners...

Last night, another British company, Westinghouse Brake and Signal, part of Hawker Siddeley, was still fighting to edge out Knorr-Bremse of West Germany for the \$818m brakes contract...

The decision in favour of Mitsubishi Electric, to be announced today at the official signing of the rolling stock contract, follows an unexpected delay by the MRT Corporation in reaching a final verdict...

The delay was the result of an attempt to determine whether the modern electronic technology Mitsubishi was offering was more advanced than GEC's. This involved additional tests in Japan...

GEC talks Continued from Page 1

total from Thorn EMI. He expected the meeting to be brought forward. GEC has been rumoured as a potential contender for BAE since the Thorn EMI approach was disclosed. It has been hearing a "cash mountain" believed to total about £1.5bn. In addition, it is thought to be unwilling to see BAE, with which it works closely on defence projects, pass into Thorn EMI's hands...

GEC is understood to have attempted to buy parts of BAE, including its missile interests, more than once before. GEC's Marconi companies are collaborating with BAE on producing European communications satellites, as well as on planned UK military satellites...

By contrast, the City had generally viewed a Thorn EMI-BAE link as a mismatch despite Thorn EMI's activities in defence electronics. This view was strongly countered by Thorn EMI...

GEC is not thought to have bought BAE shares before making its approach yesterday. S. G. Warburg is the merchant bank advising GEC in its talks with BAE, expected to begin next week. Kleinwort Benson is advising BAE and Hambro Bank is advising Thorn EMI...

Shares Continued from Page 1

DM 2,6350 at the close of trading in London from DM 2,7320 late on Thursday, while starting rose to \$1.4035 - up 150 points on the day...

Against European currencies, however, the pound was weak and its trade-weighted index, calculated before the dollar fell sharply, was down to 79.5 from 79.6...

Among UK share prices, news that GEC is opening bid negotiations with British Aerospace brought a sharp jump in BAE's share price, while Charterhouse J. Rothschild and Hambro Life both registered gains following news that their proposed merger is off...

Tebbit

Continued from Page 1

Lonrho said it regretted the secretary of state's decision to refer its plan for increased board representation to the commission. "Lonrho does not believe that a merger situation exists, if the commissioners hold that it does, the commission will then review de novo the whole question of public interest. Lonrho would welcome..."

CHIEF PRICE CHANGES YESTERDAY

Table with columns for various securities and their price changes. Includes Imperial Group, BHP, British Land, etc.

WORLDWIDE WEATHER

Table showing weather conditions for various cities worldwide, including London, New York, Tokyo, etc.

Advertisement for PGA (Property Growth Assurance Company) featuring a logo and text: 'Amidst all the pensions talk comes the voice of reason. You'll find this free leaflet a big help...'

MAN IN THE NEWS

Destined to remain apart

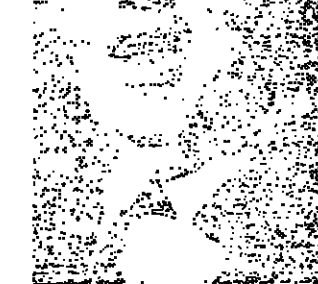
By Michael Holman

"IF HE WERE female, he would arrive in Parliament on a broomstick," Mrs Helen Sussman, the veteran opposition MP, once remarked of her arch rival P. W. Botha before he became South African Prime Minister...

It is the sort of brief but which the man who arrives in London today, spearheading the Republic's biggest diplomatic initiative for 40 years, has positively courted throughout his career...

PW—or "Die Wapen"—as he is used to be called in tribute to the 14 years he spent as Minister of Defence...

It is the sort of brief but which the man who arrives in London today, spearheading the Republic's biggest diplomatic initiative for 40 years, has positively courted throughout his career...



P. W. Botha who arrives in London today

Yet the man who always enjoyed a reputation as an administrator, not as a thinker, has presided over the most remarkable period in South African domestic and foreign relations since the party came to power in 1948...

In the space of the past year, the white electorate has adopted a new constitution which for the first time will bring Indians and Coloured people of mixed race into a tri-racial assembly...

He criticises the constitutional "demonstration" with no provision for the country's black majority, is almost irrelevant to the country's problems. Nor, they say, will the problems to which simply because Pretoria has exercised its unmeasurable veto over its neighbours into reluctant submission...

But when Mr Botha meets Mrs Margaret Thatcher for lunch at Chequers today he will need to be better equipped to argue the Republic's case than any Prime Minister since Jan Smuts spoke on equal terms with Winston Churchill...

Few would have predicted that the 22-year-old, short-tempered man who became prime minister in 1978 in the wake of a scandal that shook the ruling party would have reached this point. Although his power base has remained in the Cape throughout his political career, his conservative inclinations appear to have both that party's and his own as the home of Afrikaner "liberals"...

Yet within a year of becoming Prime Minister, Mr Botha was warning white South Africans that they must "adapt or die" in an unprecedented act for a National Party leader. He made a personal visit to Soweto, Johannesburg's black town, to apologise for the apartheid system...

Having won a comfortable two-thirds vote in his constitutional referendum, Mr Botha is in a position to take his country further along the path of reform. He is expected to take on Gaullist-style powers as executive State President. But it is still far from certain that he will actually use these powers to move away from the grand design of apartheid which seeks to segregate the overwhelming black majority to 10 ethnic "homelands"...

Although Mr Botha will undoubtedly make much of his recent extended diplomatic success in southern Africa, which has won him his invitations to London, Lisbon, Bonn and elsewhere, the toughest question he will face in those capitals remains: What will happen within your borders, Mr Botha?

Handwritten signature or note at the bottom of the page.